

# EXHIBIT A

**Policy Face Page  
FLORIDA**

Insured's Name: GIO Pizzeria & Bar Hospitality, LLC dba  
Nick's New Haven Style Pizzeria & Bar

Policy Dates: 06/01/2019 to 06/01/2020

Policy# ARP-74910-20

Surplus Lines Agent's Name: Harvey A. Sheldon

Surplus Lines Agent's Physical Address: 3250 N. 29th Avenue, Hollywood, FL 33020

Address: Surplus Lines Agent's License #: A240451

Producing Agent's Name: Richard Baer

Producing Agent's Physical Address: 201 Alhambra Circle, Suite 1401, Coral Gables, FL 33134

"THIS INSURANCE IS ISSUED PURSUANT TO THE FLORIDA SURPLUS LINES LAW. PERSONS INSURED BY SURPLUS LINES CARRIERS DO NOT HAVE THE PROTECTION OF THE FLORIDA INSURANCE GUARANTY ACT TO THE EXTENT OF ANY RIGHT OF RECOVERY FOR THE OBLIGATION OF AN INSOLVENT UNLICENSED INSURER."

**"SURPLUS LINES INSURERS' POLICY RATES AND FORMS ARE NOT APPROVED BY ANY FLORIDA REGULATORY AGENCY"**

Policy Premium: \$3,153.00

**Taxes/Fees:**

Inspection Fee	\$250.00
Service/Policy Fee	\$35.00
Surplus Lines Tax	\$171.90
Stamping Office Fee	\$3.44
EMPA	\$4.00

Surplus Lines Agent's Countersignature



SLA Authority # A043838253813

Quarter: 2nd

PFP-FL

**SCHEDULE OF FORMS**

Named Insured: GIO Pizzeria & Bar Hospitality, LLC dba  
 Nick's New Haven Style Pizzeria & Bar

Policy Number: ARP-74910-20

## COMMON POLICY

PFP-FL	00/00	Policy Face Page - Florida
FORMS SCHEDULE	00/00	Schedule of Forms and Endorsements
SLC-3	08/00	Lloyd's Certificate
JNMA2462	00/00	Common Policy Declarations
IL0017	11/98	Common Policy Conditions
IL0935	07/02	Exclusion of Certain Computer-Related Losses
LMA3100	09/10	Sanction Limitation and Exclusion Clause
LMA5019	09/05	Asbestos Endorsement
LMA5020	09/05	Service of Suit
LMA5021	09/05	Applicable Law (USA)
LMA5219	01/15	US Terrorism Risk Insurance Not Purchased Clause
LMA5096	03/08	Several Liability Clause
ASPPR089	00/00	Exclusion and Limited Additional Coverage for Fungus
NMA1191	00/00	Radioactive Contamination Exclusion
NMA1256	03/60	Nuclear Liability Exclusion
NMA2244	11/00	Loss Occurrence Clause
NMA2340	11/88	Land, Water, Air Exclusion
NMA2915	01/01	Electronic Data Endorsement
NMA2918	08/01	War and Terrorism Exclusion
NMA2962	06/03	Biological or Chemical Materials Exclusion
EBDEC	07/15	Equipment Breakdown Coverage Form Declarations
EB002	07/15	Equipment Breakdown Coverage Form
Collapse	00/00	Changes in Collapse Coverage
CP0010	10/12	Building and Personal Property Coverage Form
CP0030	10/12	Business Income and Extra Expense Coverage
CP0090	07/88	Commercial Property Conditions
CP0186	04/86	Changes- Pollutants
STATE		
IL0255	03/16	Florida Changes - Cancellation and Nonrenewal
CP0125	10/12	Florida Changes - Catastrophic Ground Cover Collapse

**SCHEDULE OF FORMS**

Named Insured: GIO Pizzeria & Bar Hospitality, LLC dba  
 Nick's New Haven Style Pizzeria & Bar

Policy Number: ARP-74910-20

## COMMERCIAL PROPERTY

CP1205	11/85	Commercial Property Declarations
AW	2010	Alarm Warranty
Coverage Pack 2019	02/19	Coverage Pack 2019
CP1030	10/12	Causes of Loss - Special Form
CP1035	06/95	Watercraft Exclusion
CP1054	06/07	Windstorm or Hail Exclusion
CP1260	10/91	Loss Adjustment Endorsement (with B & M Carrier)
CP1440	06/07	Outdoor Signs
PROTECTIVE SAFEGUARD ENDT	00/00	Protective Safeguard Endorsement#3
EDE	00/00	Existing Damage Exclusion Endorsement
CR1000	04/97	Crime General Provisions
CR0001	10/90	Employee Dishonesty Coverage Form
CR0018	10/90	Robbery and Safe Burglary Coverage Form
DC Dec	00/00	Data Compromise Supplemental Declarations
DC001	06/16	Data Compromise Coverage Form



# Lloyd's

## Certificate

**This Insurance** is effected with certain Underwriters at Lloyd's, London.

**This Certificate** is issued in accordance with the limited authorization granted to the Correspondent by certain Underwriters at Lloyd's, London whose syndicate numbers and the proportions underwritten by them can be ascertained from the office of the said Correspondent (such Underwriters being hereinafter called "Underwriters") and in consideration of the premium specified herein, Underwriters hereby bind themselves severally and not jointly, each for his own part and not one for another, their Executors and Administrators.

**The Assured** is requested to read this Certificate, and if it is not correct, return it immediately to the Correspondent for appropriate alteration.

All inquiries regarding this Certificate should be addressed to the following Correspondent:



3250 N. 29<sup>th</sup> AVENUE  
HOLLYWOOD, FL 33020-1313

## CERTIFICATE PROVISIONS

1. **Signature Required.** This Certificate shall not be valid unless signed by the Correspondent on the attached Declaration Page.
2. **Correspondent Not Insurer.** The Correspondent is not an Insurer hereunder and neither is nor shall be liable for any loss or claim whatsoever. The Insurers hereunder are those Underwriters at Lloyd's, London whose syndicate numbers can be ascertained as hereinbefore set forth. As used in this Certificate "Underwriters" shall be deemed to include incorporated as well as unincorporated persons or entities that are Underwriters at Lloyd's, London.
3. **Cancellation.** If this Certificate provides for cancellation and this Certificate is cancelled after the inception date, earned premium must be paid for the time the insurance has been in force.
4. **Service of Suit.** It is agreed that in the event of the failure of Underwriters to pay any amount claimed to be due hereunder, Underwriters, at the request of the Assured, will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States. It is further agreed that service of process in such suit may be made upon the firm or person named in item 6 of the attached Declaration Page, and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon request of the Assured to give a written undertaking to the Assured that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted. Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Assured or any beneficiary hereunder arising out of this contract of insurance, and hereby designate the above-mentioned as the person to whom the said officer is authorized to mail such process or a true copy thereof.

5. **Assignment.** This Certificate shall not be assigned either in whole or in part without the written consent of the Correspondent endorsed hereon.
6. **Attached Conditions Incorporated.** This Certificate is made and accepted subject to all the provisions, conditions and warranties set forth herein, attached or endorsed, all of which are to be considered as incorporated herein.
7. **Short Rate Cancellation.** If the attached provisions provide for cancellation, the table below will be used to calculate the short rate proportion of the premium when applicable under the terms of cancellation.

## Short Rate Cancellation Table For Term of One Year.

Days Insurance in Force	Per Cent of one year Premium	Days Insurance in Force	Per Cent of one year Premium	Days Insurance in Force	Per Cent of one year Premium	Days Insurance in Force	Per Cent of one year Premium
1 .....	5%	66 - 69 .....	29%	154 - 156 .....	53%	256 - 260 .....	77%
2 .....	6	70 - 73 .....	30	157 - 160 .....	54	261 - 264 .....	78
3 - 4 .....	7	74 - 76 .....	31	161 - 164 .....	55	265 - 269 .....	79
5 - 6 .....	8	77 - 80 .....	32	165 - 167 .....	56	270 - 273 ( 9 mos ) .....	80
7 - 8 .....	9	81 - 83 .....	33	168 - 171 .....	57	274 - 278 .....	81
9 - 10 .....	10	84 - 87 .....	34	172 - 175 .....	58	279 - 282 .....	82
11 - 12 .....	11	88 - 91 ( 3 mos ) .....	35	176 - 178 .....	59	283 - 287 .....	83
13 - 14 .....	12	92 - 94 .....	36	179 - 182 ( 6 mos ) .....	60	288 - 291 .....	84
15 - 16 .....	13	95 - 98 .....	37	183 - 187 .....	61	292 - 296 .....	85
17 - 18 .....	14	99 - 102 .....	38	188 - 191 .....	62	297 - 301 .....	86
19 - 20 .....	15	103 - 105 .....	39	192 - 196 .....	63	302 - 305 ( 10 mos ) .....	87
21 - 22 .....	16	106 - 109 .....	40	197 - 200 .....	64	306 - 310 .....	88
23 - 25 .....	17	110 - 113 .....	41	201 - 205 .....	65	311 - 314 .....	89
26 - 29 .....	18	114 - 116 .....	42	206 - 209 .....	66	315 - 319 .....	90
30 - 32 ( 1 mos ) .....	19	117 - 120 .....	43	210 - 214 ( 7 mos ) .....	67	320 - 323 .....	91
33 - 36 .....	20	121 - 124 ( 4 mos ) .....	44	215 - 218 .....	68	324 - 328 .....	92
37 - 40 .....	21	125 - 127 .....	45	219 - 223 .....	69	329 - 332 .....	93
41 - 43 .....	22	128 - 131 .....	46	224 - 228 .....	70	333 - 337 ( 11 mos ) .....	94
44 - 47 .....	23	132 - 135 .....	47	229 - 232 .....	71	338 - 342 .....	95
48 - 51 .....	24	136 - 138 .....	48	233 - 237 .....	72	343 - 346 .....	96
52 - 54 .....	25	139 - 142 .....	49	238 - 241 .....	73	347 - 351 .....	97
55 - 58 .....	26	143 - 146 .....	50	242 - 246 ( 8 mos ) .....	74	352 - 355 .....	98
59 - 62 ( 2 mos ) .....	27	147 - 149 .....	51	247 - 250 .....	75	356 - 360 .....	99
63 - 65 .....	28	150 - 153 ( 5 mos ) .....	52	251 - 255 .....	76	361 - 365 ( 12 mos ) .....	100

Rules applicable to insurance with terms less than or more than one year:

- A. If insurance has been in force for one year or less, apply the short rate table for annual insurance to the full annual premium determined as for insurance written for a term of one year.
- B. If insurance has been in force for more than one year:
  1. Determine full annual premium as for insurance written for a term of one year.
  2. Deduct such premium from the full insurance premium, and on the remainder calculate the pro rata earned premium on the basis of the ratio of the length of time beyond one year the insurance has been in force to the length of time beyond one year for which the policy was originally written.
  3. Add premium produced in accordance with items (1) and (2) to obtain earned premium during full period insurance has been in force.

This Declaration Page is attached to and forms part of  
(Form JNMA 2462)

Previous No. ARPQ-74382-20	Authority Ref. No. B0595NAGN04223019	Certificate No. ARP-74910-20
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<b>Name and Address of Insured</b> GIO Pizzeria & Bar Hospitality, LLC dba Nick's New Haven Style Pizzeria & Bar 2444 N University Drive Coral Springs, FL 33065	<b>Producing Agent</b> USI Insurance Services, LLC - CG P. O. Box 141916 Miami, FL 33114-1916 201 Alhambra Circle, Suite 1401, Coral Gables, FL 33134
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2. Effective from 06/01/2019 to 06/01/2020  
both days at 12:01 a.m. standard time

3. Insurance is effective with certain <b>Underwriters At Lloyd's, London</b>	Percentage <b>100%</b>
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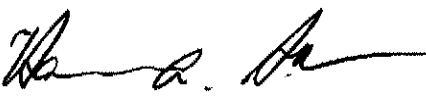
4. Amount See Attached	<b>Coverage</b> <input checked="" type="checkbox"/> Property <input type="checkbox"/> Liability	<b>Rate</b> See Attached	<b>Premium</b> Commercial Property Coverage \$3,153.00 Inspection Fee \$250.00 Service/Policy Fee \$35.00 Surplus Lines Tax \$171.90 Stamping Office Fee \$3.44 EMPA \$4.00	
				Total Premium \$3,617.34

5. Form(s) and Endorsement(s) made a part of this policy at time of issue:  
See Schedule of Forms and Endorsements

6. Service of Suit may be made upon:  
**MESSRS. MENDES & MOUNT, 750 7TH AVENUE, NEW YORK, NY 10019**

Dated: 06/11/2019

Advanced E& S Group

by   
Correspondent



## COMMERCIAL PROPERTY

COMMERCIAL PROPERTY COVERAGE PART  
SUPPLEMENTAL DECLARATIONS

POLICY NO. ARP-74910-20

COMPANY: Underwriters at Lloyd's

NAMED INSURED: GIO Pizzeria & Bar Hospitality, LLC dba  
Nick's New Haven Style Pizzeria & Bar

## DESCRIPTION OF PREMISES:

Prem. No.	Bldg. No.	Location Construction and Occupancy
1	1	2444 N. University Drive, Coral Springs, FL 33065

## COVERAGES PROVIDED:

Prem.No.	Bldg.No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coinsurance*	Rate VS
1	1	Improvements & Betterments	\$600,000	CP1030	90 %	
1	1	Contents	\$400,000	CP1030	90 %	
1	1	Business Income	\$250,000	CP1030	1/4	

Deductible \$2,500      All perils      Excluding Windstorm &amp; Hail as Per Form CP1054

Business Income Deductible is 72 Hours

## OPTIONAL COVERAGES:

Prem. No.	Bldg. No.	Agreed Value Exp. Date	Cov.	Amount	Replacement Cost (X) Building	Pers. Prop. Including "Stock"
1	1				X	X

		Inflation Guard (%) Bldg. Pers. Prop.	*Monthly Limit of Indemnity (Fraction) 1/4	*Maximum Period of Indemnity (X)	*Extended Period of Indemnity (Days)
1	1				

\*Applies to Business Income Only

## MORTGAGE HOLDERS

Prem. No.	Bldg. No.	Mortgage Holder Name and Mailing Address

## FORMS APPLICABLE TO SPECIFIC PREMISES/COVERAGES

Prem. No.	Bldg. No.	Coverages	Form Number

See Schedule of Forms and Endorsements

CP 12 05 11 85 Copyright, ISO Commercial Risk Services, Inc. 1963,1964

## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

### F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

IL 09 35 07 02

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES**

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 CRIME AND FIDELITY COVERAGE PART  
 STANDARD PROPERTY POLICY

- A.** We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.
- 1.** The Failure, malfunction or inadequacy of:
    - a.** Any of the following, whether belonging to any insured or to others:
      - (1)** Computer hardware, including micro-processor;
      - (2)** Computer Application Software;
      - (3)** Computer operating systems and related software;
      - (4)** Computer networks;
      - (5)** Microprocessors (computer chips not part of any computer system; or
      - (6)** Any other computerized or electronic equipment or components; or
    - b.** Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. And example is the inability of computer software to recognize the year 2000.
  - 2.** Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A. 1.** of this endorsement.
- B.** If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:
- 1.** In a covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part of the Standard Property Policy; or
  - 2.** Under the Commercial Property Coverage Part:
    - a.** In a "Specified Cause of Loss" or in elevator collision resulting from mechanical breakdown, under the Causes of Loss-Special Form ; or
    - b.** In a covered Cause of Loss under the Causes Of Loss - Basic Form or the Causes Of Loss - Broad Form ;

we will pay only for the loss ("loss") or damage caused by such " Specified Cause of Loss", elevator collision, or Covered Cause of Loss.
- C.** We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

### **Sanction Limitation and Exclusion Clause**

No (re)insurer shall be deemed to provide cover and no (re)insurer shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

LMA3100  
15 September 2010

ASBESTOS ENDORSEMENT

- A. This policy only insures asbestos physically incorporated in an insured building or structure, and then only that part of the asbestos which has been physically damaged during the period by one of these Listed Perils:

Fire; Explosion; Lightning; Windstorm; Hail; Direct impact of vehicle, aircraft or vessel; Riot or civil commotion; Vandalism or malicious mischief; or accidental discharge of fire protective equipment.

This coverage is subject to each of the following specific limitations:

1. The said building or structure must be insured under this Policy for damage by that Listed Peril.
  2. The Listed Peril must be the immediate, sole cause of the damage to the asbestos.
  3. The Assured must report to Underwriters the existence and cost of the damage as soon as practicable after the Listed Peril first damaged the asbestos. However, this Policy does not insure any such damage first reported to the Underwriters more than 12 (twelve) months after the expiration, or termination, of the period of insurance.
  4. Insurance under this Policy in respect of asbestos shall not include any sum relating to:
    - (i) any faults in the design, manufacture or installation of the asbestos;
    - (ii) asbestos not physically damaged by the Listed Peril including any governmental or regulatory authority direction or request of whatsoever nature relating to undamaged asbestos.
- B. Except as set forth in the foregoing Section A, this policy does not insure asbestos or any sum relating thereto.

### **SERVICE OF SUIT CLAUSE (U.S.A.)**

This Service of Suit Clause will not be read to conflict with or override the obligations of the parties to arbitrate their disputes as provided for in any Arbitration provision within this Policy. This Clause is intended as an aid to compelling arbitration or enforcing such arbitration or arbitral award, not as an alternative to such Arbitration provision for resolving disputes arising out of this contract of insurance (or reinsurance).

It is agreed that in the event of the failure of the Underwriters hereon to pay any amount claimed to be due hereunder, the Underwriters hereon, at the request of the Insured (or Reinsured), will submit to the jurisdiction of a Court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of Underwriters' rights to commence an action in any Court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States or of any State in the United States.

It is further agreed that service of process in such suit may be made upon

**Mendes and Mount, 750 Seventh Avenue, New York, N. Y. 10019-6829**

and that in any suit instituted against any one of them upon this contract, Underwriters will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of Underwriters in any such suit and/or upon the request of the Insured (or Reinsured) to give a written undertaking to the Insured (or Reinsured) that they will enter a general appearance upon Underwriters' behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, Underwriters hereon hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured (or Reinsured) or any beneficiary hereunder arising out of this contract of insurance (or reinsurance), and hereby designate the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

14/09/2005

LMA5020

Form approved by Lloyd's Market Association

**APPLICABLE LAW (U.S.A.)**

This Insurance shall be subject to the applicable state law to be determined by the court of competent jurisdiction as determined by the provisions of the Service of Suit Clause (U.S.A.)

14/09/2005

LMA5021

Form approved by Lloyd's Market Association

**U.S. Terrorism Risk Insurance Act of 2002 as amended  
Not Purchased Clause**

*This Clause is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.*

It is hereby noted that the Underwriters have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and the Insured has declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this policy.

All other terms, conditions, insured coverage and exclusions of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

LMA5219  
12 January 2015



## **SEVERAL LIABILITY CLAUSE**

**PLEASE NOTE – This notice contains important information. PLEASE READ CAREFULLY**

The liability of an insurer under this contract is several and not joint with other insurers party to this contract. An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown in this contract.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

LMA5096 (Combined Certificate)

7 March 2008

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**EXCLUSION AND LIMITED ADDITIONAL COVERAGE FOR FUNGUS**

This Endorsement modifies insurance provided under all Coverage Parts:

A. The Following Exclusion is added:

**EXCLUSION - "Fungus", Wet Rot, Dry Rot and Bacteria**

We will not pay for loss or damage caused directly or indirectly by the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. But if "fungus", wet or dry rot or bacteria results in a "covered cause of loss", we will pay for the loss or damage caused by the "covered cause of loss".

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or
2. To the extent that coverage is provided in the Additional Coverage - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

B. The following Additional Coverage is added:

**ADDITIONAL COVERAGE - Limited Coverage for "Fungus", Wet Rot, Dry Rot and Bacteria**

1. This limited coverage applies only when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence, and only if any loss resulting from the following is reported to us within 60 days of the occurrence.
  - a. A "covered cause of loss" other than fire or lightning; or
  - b. Flood, if Flood Coverage Endorsement applies to the affected premises.
2. Under conditions described in item **B.1.** above, we will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in the Limited Coverage, the term loss or damage means:
  - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
  - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
  - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus, wet or dry rot or bacteria are present.

3. The coverage provided under this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.
5. If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

C. The following definition is added:

"Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**RADIOACTIVE CONTAMINATION EXCLUSION CLAUSE**

This insurance (reinsurance) is subject to the Institute Radioactive Contamination Exclusion Clause 1/10/90 provided that:

- (a) If fire is an insured peril; and
- (b) Where the subject matter insured or, in the case of reinsurance, the subject matter insured by the original insurance, is with the United States, its islands, onshore territories or possessions; and
- (c) A fire arises directly or indirectly from one or more of the causes detailed in sub-clauses 1.1 and 1.2 of the Institute Radioactive Contamination Exclusion Clause 1/10/90

Any loss or damage arising directly from that fire shall, subject to the provisions of this insurance (reinsurance), be covered, EXCLUDING however, any loss, damage, liability, or expense caused by nuclear reaction, nuclear radiation, or radioactive contamination arising directly or indirectly from that fire.

**NUCLEAR INCIDENT EXCLUSION CLAUSE - LIABILITY - DIRECT (BROAD)**

*(Approved by Lloyd's Underwriters' Non-Marine Association)*

*For attachment to insurances of the following classifications in the U.S.A., its Territories and Possessions, Puerto Rico and the Canal Zone:-*

*Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Mal-practice Liability, Storekeepers Liability, Garage Liability, Automobile Liability (Including Massachusetts Motor Vehicle or Garage Liability),*

*not being insurance's of the classifications to which the Nuclear Incident Exclusion Clause-Liability-Direct (Limited) applies.*

**This policy\***

I Under any Liability Coverage, to injury, sickness, disease, death or destruction does not apply:

- (a) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (b) Resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, with any person or organization.

II Under any Medical Payments Coverage or under any Supplementary Payments Provision relating to immediate medical or surgical relief, to expenses incurred with respect to bodily injury, sickness, disease or death resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

III Under any Liability Coverage, to injury, sickness, disease, death or destruction resulting from the hazardous properties of nuclear material, if

- (a) The nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;
- (b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or
- (c) the injury, sickness, disease, death or destruction arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (c) applies only to injury to or destruction of property at such nuclear facility.

IV. As used in this endorsement:

**"hazardous properties"** include radioactive, toxic or explosive properties; **"nuclear material"** means source material, special nuclear material or byproduct material; **"source material"**, **"special nuclear material"**, and **"byproduct material"** have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof; **"spent fuel"** means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; **"waste"** means any waste material (1) containing by product material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof; **"nuclear facility"** means:

- (a) any nuclear reactor,
- (b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste.
- (c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,
- (d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste.

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations, **"nuclear reactor"** means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material. With respect to injury to or destruction of property, the **"injury"** or **"destruction"** includes all forms of radioactive contamination of property.

It is understood and agreed that, except as specifically provided in the foregoing to the contrary, this clause is subject to the terms, exclusions conditions and limitations of the Policy to which it is attached.

\*NOTE:- As respects policies which afford liability coverages and other forms of coverage in addition, the words underlined should be amended to designate the liability coverage to which this clause is to apply.

### **LOSS OCCURRENCE CLAUSE (U.S.A. AND CANADA) NO. 1**

The term "Loss Occurrence" shall mean the sum of all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event which occurs within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another. However, the duration and extent of any one "Loss Occurrence" shall be limited to all individual losses sustained by the Company occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term "Loss Occurrence" shall be further defined as follows:-

- (i) As regards windstorm, hail, tornado, hurricane, cyclone, including ensuing collapse and water damage, all individual losses sustained by the Company occurring during any period of 72 consecutive hours arising out of and directly occasioned by the same event. However, the event need not be limited to one state or province or states or provinces contiguous thereto.
- (ii) As regards riot, riot attending a strike, civil commotion, vandalism and malicious mischief, all individual losses sustained by the Company occurring during any period of 72 consecutive hours within the area of one municipality or county and the municipalities or counties contiguous thereto arising out of and directly occasioned by the same event. The maximum duration of 72 consecutive hours may be extended in respect of individual losses which occur beyond such 72 consecutive hours during the continued occupation of an Assured's premises by strikers, provided such occupation commenced during the aforesaid period.
- (iii) As regards earthquake (the epicentre of which need not necessarily be within the territorial confines referred to in the opening paragraph of this article) and fire following directly occasioned by the earthquake, only those individual fire losses which commence during the period of 168 consecutive hours may be included in the Company's "Loss Occurrence".
- (iv) As regards "Freeze", only individual losses directly occasioned by collapse, breakage of glass and water damage (caused by bursting of frozen pipes and tanks) may be included in the Company's "Loss Occurrence".

Except for those "Loss Occurrences" referred to in (i) and (ii) the Company may choose the date and time when any such period of consecutive hours commences provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Company arising out of that disaster, accident or loss and provided that only one such period of 168 consecutive hours shall apply with respect to one event.

However, as respects those "Loss Occurrences" referred to in (i) and (ii), if the disaster, accident or loss occasioned by the event is of greater duration than 72 consecutive hours, then the Company may divide that disaster, accident or loss into two or more "Loss Occurrences" provided no two periods overlap and no individual loss is included in more than one such period and provided that no period commences earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Company arising out of that disaster, accident or loss.

No individual losses occasioned by an event that would be covered by 72 hours clauses may be included in any "Loss Occurrence" claimed under the 168 hours provision.

NMA2244

23/11/2000

## **U.S.A. & CANADA**

### **LAND, WATER AND AIR EXCLUSION**

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure land (including but not limited to land on which the insured property is located), water or air, howsoever and wherever occurring, or any interest or right therein.

### **SEEPAGE AND/OR POLLUTION AND/OR CONTAMINATION EXCLUSION**

Notwithstanding any provision to the contrary within the Policy of which this Endorsement forms part (or within any other Endorsement which forms part of this Policy), this Policy does not insure:

- a) any loss, damage, cost or expense, or
- b) any increase in insured loss, damage, cost or expense, or
- c) any loss, damage, cost, expense, fine or penalty, which is incurred, sustained or imposed by order, direction, instruction or request of, or by any agreement with, any court, government agency or any public, civil or military authority, or threat thereof, (and whether or not as a result of public or private litigation),

which arises from any kind of seepage or any kind of pollution and/or contamination, or threat thereof, whether or not caused by or resulting from a peril insured, or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean-up or removal of such seepage or pollution and/or contamination or threat thereof.

The term 'any kind of seepage or any kind of pollution and/or contamination' as used in this Endorsement includes (but is not limited to):

- a) seepage of, or pollution and/or contamination by, anything, including but not limited to, any material designated as a 'hazardous substance' by the United States Environmental Protection Agency or as a 'hazardous material' by the United States Department of Transportation, or defined as a 'toxic substance' by the Canadian Environmental Protection Act for the purposes of Part II of that Act, or any substance designated or defined as toxic, dangerous, hazardous or deleterious to persons or the environment under any other Federal, State, Provincial, Municipal or other law, ordinance or regulation; and
- b) the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of person or the environment.

### **DEBRIS REMOVAL ENDORSEMENT**

THIS ENDORSEMENT CONTAINS PROVISION WHICH MAY LIMIT OR PREVENT RECOVERY UNDER THIS POLICY FOR LOSS WHERE COSTS OR EXPENSES FOR DEBRIS REMOVAL ARE INCURRED.

Nothing contained in this Endorsement shall override any Seepage and/or Pollution and/or Contamination Exclusion or any Radioactive Contamination Exclusion or any other Exclusion applicable to this Policy.

Any provision within this Policy (or within any other Endorsement which forms part of this Policy) which ensures debris removal is cancelled and replaced by the following:

- 1) In the event of direct physical damage to or destruction of property, for which Underwriters hereon agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay (hereinafter referred to as 'Damage or Destruction'), this Policy also insures, within the sum insured, subject to this limitations and method of calculation below, and to all the other terms and conditions of the Policy, costs or expenses;
  - (a) which are reasonably and necessarily incurred by the Assured in the removal, from the premises of the Assured at which the Damage or Destruction occurred, of debris which results from the Damage or Destruction; and
  - (b) of which the Assured becomes aware and advises the amount thereof to Underwriters hereon within one year of the commencement of such Damage or Destruction.
- 2) In calculating the amount, if any, payable under this Policy for loss where costs or expenses for removal of debris are incurred by the Assured (subject to the limitations in paragraph 1 above):
  - (a) the maximum amount of such costs or expenses that can be included in the method of calculation set out in (b) below shall be the greater of U.S. \$25,000 (twenty-five thousand dollars) or 10% (ten percent) of the amount of the Damage or Destruction from which such costs or expenses result; and
  - (b) the amount of such costs or expenses as limited in (a) above shall be added to:
    - (i) the amount of the Damage or Destruction; and
    - (ii) all other amounts of loss, which arise as a result of the same occurrence, and for which Underwriters hereon also agree to pay, or which but for the application of a deductible or underlying amount they would agree to pay; and

the resulting sum shall be the amount to which any deductible or underlying amount to which this Policy is subject and the limit (or applicable sub-limit) of this Policy, shall be applied.

N.M.A. 2340 (24/11/88)



## **ELECTRONIC DATA ENDORSEMENT B**

### **1. Electronic Data Exclusion**

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

- (a) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorized instructions or code including a set of maliciously introduced unauthorized instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- (b) However, in the event that a peril listed below results from any of the matters described in paragraph (a) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the Policy period to property insured by this Policy directly caused by such listed peril.

Listed Perils

Fire  
Explosion

### **2. Electronic Data Processing Media Valuation**

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the ELECTRONIC DATA from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Assured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

#### **WAR AND TERRORISM EXCLUSION ENDORSEMENT**

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

- (1) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- (2) any act of terrorism.  
For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (1) and/or (2) above.

If the Underlying allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Assured.

In the event of any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

**NMA2918**

**08/10/2001**

**Biological or Chemical Materials Exclusion**

It is agreed that this Insurance excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.

**NMA2962**

**06/02/03**

Form approved by Lloyd's Market Association [Non-Marine]

## **Alarm Warranty**

If at the time of a loss there is no Central Station Burglar Alarm System or the system is not in full force and operational, then a theft sub-limit of \$10,000 shall be applied.

Case 1:20-cv-03107-RA Document 1-1 Filed 04/17/20 Page 29 of 121  
**Equipment Breakdown Coverage Form Declarations**

Named Insured: GIO Pizzeria & Bar Hospitality, LLC dba  
Nick's New Haven Style Pizzeria & Bar

Mailing Address: 2444 N University Drive

Coral Springs, FL 33065

Producer: USI Insurance Services, LLC - CG

Mailing Address: P. O. Box 141916  
Miami, FL 33114-1916

Policy Number: ARP-74910-20

Policy Period: 06/01/2019 to 06/01/2020 12:01 a.m. Standard time  
at your Mailing Address shown above.

Premium: Included

These coverages apply to all locations listed under Covered Locations for the Equipment Breakdown Coverage Form.

**Covered Locations**

2444 N. University Drive, Coral Springs, FL 33065

Insurance applies only to a coverage for which a Limit, a number of Days, or the word Included is shown. If Included is shown then the limit for that coverage is part of the Equipment Breakdown Limit.

**Coverages**

**Limits**

Equipment Breakdown Limit.....	\$ 1,268,000
Property Damage.....	Included
Off Premises Property Damage.....	\$25,000
Business Income.....	Included
Extra Expense.....	Included
Extended Period of Restoration.....	
(Number of days of coverage).....	5 Days
Service Interruption .....	Included in Business Income, Extra Expense, and Perishable Goods
Perishable Goods.....	\$25,000
Data Restoration.....	\$25,000
Demolition.....	\$25,000
Ordinance or Law.....	\$25,000
Expediting Expense.....	\$25,000
Hazardous Substances.....	\$25,000
Newly Acquired Locations.....	Included
(Number of days of coverage).....	90 Days

**Deductibles**

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Direct Coverages ..... \$ 2,500

Indirect Coverages..... 72 Hours

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Mortgage Holder/Loss Payee/Additional Insured:

Name:

Address:

---

Forms Applicable:

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**Description**

**Form Number**

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Equipment Breakdown Coverage Form.....

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Countersigned \_\_\_\_\_ by \_\_\_\_\_  
(Authorized Representative)

# Equipment Breakdown Coverage Form

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties, and what is and is not covered.

Throughout this policy, the words “you” and “your” refer to the Named Insured shown in the Declarations. The words “we,” “us” and “our” refer to the Company providing this Insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to Section G - DEFINITIONS. Examples are shown for illustrative purposes only and do not represent predicted or expected outcomes.

## A. COVERAGE

This Equipment Breakdown Coverage provides insurance for a Covered Cause of Loss as defined in A.1. below. In the event of a Covered Cause of Loss, we will pay for loss as described in A.2. below.

### 1. Covered Cause of Loss – “Accident”

The Covered Cause of Loss for this Equipment Breakdown Coverage is an “accident.” Without an “accident,” there is no Equipment Breakdown Coverage.

**a. “Accident”** means a fortuitous event that causes direct physical damage to “covered equipment.” The event must be one of the following:

- (1) Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- (2) Artificially generated electrical current, including electrical arcing, that damages electrical devices, appliances or wires;
- (3) Explosion, other than combustion explosion, of steam boilers, steam piping, steam engines or steam turbines;
- (4) An event inside steam boilers, steam pipes, steam engines or steam turbines that damages such equipment;
- (5) An event inside hot water boilers or other water heating equipment that damages such equipment; or
- (6) Bursting, cracking or splitting.

“Accident” does not include any condition or event listed in Definition G.1.b.

**b. “Covered Equipment”** means the following:

- (1) Unless specified otherwise in the Declarations:
  - (a) Equipment that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
  - (b) Equipment which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
- (2) Except as specifically provided for under Off Premises Property Damage and Service Interruption, such equipment must be at a location described in the Declarations and must be owned or leased by you or operated under your control.

“Covered equipment” does not include any property listed in Definition G.5.b.

### 2. Coverages Provided

This section lists the coverages that may apply in the event of an “accident.” Each coverage is subject to a specific limit as listed below or as shown in the Declarations. See paragraph C.2. for details.

These coverages apply only to the direct result of an “accident.” For each coverage, we will pay only for that portion of the loss, damage or expense that is solely attributable to the “accident.”

#### a. Property Damage

We will pay for physical damage to “covered property” that is at a location indicated in the Declarations at the time of the “accident.”

#### b. Off Premises Property Damage

If you have transportable “covered equipment” that, at the time of the “accident,” is within the Coverage Territory, but is not:

- (1) At a location indicated in the Declarations or;

- (2) At any other location owned or leased by you,  
we will pay up to \$100,000 for physical damage to such “covered equipment.”

**c. Business Income**

- (1) We will pay your actual loss of “business income” during the “period of restoration” that results directly from the necessary total or partial interruption of your business.
- (2) We will also pay any necessary expenses you incur during the “period of restoration” to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
- (3) We will consider the actual experience of your business before the “accident” and the probable experience you would have had without the “accident” in determining the amount of our payment.

**d. Extra Expense**

We will pay the reasonable and necessary “extra expense” to operate your business during the “period of restoration.”

**e. Service Interruption**

- (1) We will pay for your loss, damage or expense as defined under Business Income coverage, Extra Expense coverage or Perishable Goods coverage caused by an “accident” to “covered equipment” that is owned by a utility, landlord or other supplier with whom you have a contract to supply you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission.
- (2) Service Interruption coverage will not apply to Perishable Goods unless the failure or disruption of service exceeds 24 hours immediately following the “accident.”

The most we will pay for loss, damage or expense under this coverage is the limit that applies to Business Income, Extra Expense or Perishable Goods.

**f. Perishable Goods**

- (1) We will pay for physical damage to “perishable goods” due to “spoilage.”
- (2) We will also pay for physical damage to “perishable goods” due to contamination from the release of refrigerant, including but not limited to ammonia.
- (3) We will also pay any necessary expenses you incur during the “period of restoration” to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

The most we will pay for loss, damage or expense under this coverage is \$100,000.

**g. Data Restoration**

- (1) We will pay for your reasonable and necessary cost to research, replace or restore lost “data.”
- (2) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of g.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Data Restoration limit.

The most we will pay for loss or expense under this coverage is \$100,000.

**h. Demolition**

- (1) This coverage applies if an “accident” damages a building that is “covered property” and the loss is increased by an ordinance or law that:
- (a) Requires the demolition of a building that is otherwise reparable;
  - (b) Is in force at the time of the “accident”; and
  - (c) Is not addressed under Hazardous Substances coverage.
- (2) We will pay for the following additional costs to comply with such ordinance or law:
- (a) Your actual and necessary cost to demolish and clear the site of the undamaged parts of the



building; and

- (b) Your actual and necessary cost to reconstruct the undamaged parts of the building.
- (3) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the “accident.”
- (4) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of h.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Demolition limit.

The most we will pay for loss, damage or expense under this coverage is \$100,000.

**i. Ordinance or Law**

- (1) This coverage applies if an “accident” damages a building that is “covered property” and the loss is increased by an ordinance or law that:
  - (a) Regulates the construction or repair of buildings, including “building utilities”;
  - (b) Is in force at the time of the “accident”; and
  - (c) Is not addressed under Demolition coverage or Hazardous Substances coverage.
- (2) We will pay for the following additional costs to comply with such ordinance or law:
  - (a) Your actual and necessary cost to repair the damaged portions of the building;
  - (b) Your actual and necessary cost to reconstruct the damaged portions of the building; and
  - (c) Your actual and necessary cost to bring undamaged portions of the building into compliance with the ordinance or law.
- (3) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no such ordinance or law been in force at the time of the “accident.”
- (4) We will also pay for your loss and

expense as defined under Business Income coverage and Extra Expense coverage that is the result of i.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Ordinance or Law limit.

The most we will pay for loss, damage or expense under this coverage is \$100,000.

**j. Expediting Expenses**

With respect to your damaged “covered property,” we will pay the reasonable extra cost to:

- (1) Make temporary repairs; and
- (2) Expedite permanent repairs or permanent replacement.

The most we will pay for loss or expense under this coverage is \$100,000.

**k. Hazardous Substances**

- (1) We will pay for the additional cost to repair or replace “covered property” because of contamination by a “hazardous substance.” This includes the additional expenses to clean up or dispose of such property. This does not include contamination of “perishable goods” by refrigerant, including but not limited to ammonia, which is addressed in Perishable Goods, A.2.f.(2).
- (2) As used in this coverage, additional costs mean those beyond what would have been payable under this Equipment Breakdown Coverage had no “hazardous substance” been involved.
- (3) We will also pay for your loss and expense as defined under Business Income coverage and Extra Expense coverage that is the result of k.(1) above, if such coverage is otherwise applicable under this policy. This coverage is included within and subject to your Hazardous Substances limit.

The most we will pay for loss, damage or expense under this coverage is \$100,000.

**l. Newly Acquired Locations**

- (1) You will notify us promptly of any newly acquired location that you have purchased or leased during the Policy Period.
- (2) All coverages applicable to any scheduled location under this

Equipment Breakdown Coverage are extended to a newly acquired location that you have purchased or leased during the Policy Period.

- (3) This coverage begins at the time you acquire the property. As respects newly constructed properties, we will only consider them to be acquired by you when you have fully accepted the completed project.
- (4) This coverage ends when any of the following first occurs:
  - (a) This Policy expires;
  - (b) 90 days expire after you acquire the location;
  - (c) The location is incorporated into the regular coverage of this policy; or
  - (d) The location is incorporated into the regular coverage of another Equipment Breakdown policy you have.
- (5) If limits or deductibles vary by location, the highest limits and deductibles will apply to newly acquired locations. However, the most we will pay for loss, damage or expense arising from any "one accident" is the amount shown as the Newly Acquired Locations limit in the Declarations.
- (6) We will charge you additional premium for newly acquired locations from the date you acquire the property.

**m. Course of Construction**

This coverage is automatically included and does not need to be indicated in the Declarations.

- (1) You will notify us promptly of any expansion or rehabilitation of any location described in the Declarations.
- (2) All coverages applicable to any location described in the Declarations are extended to an expansion or rehabilitation of that location.
- (3) This coverage begins at the time you begin the expansion or rehabilitation project.
- (4) We will charge you additional premium for newly acquired equipment from the date the equipment is installed.

**B. EXCLUSIONS**

We will not pay for any excluded loss, damage or expense, even though any other cause or event contributes concurrently or in any sequence to the loss, damage or expense.

1. We will not pay for loss, damage or expense caused directly or indirectly by any of the following, whether or not caused by or resulting from an "accident."

**a. Fire and Explosion**

- (1) Fire, including smoke from a fire.
- (2) Combustion explosion. This includes, but is not limited to, a combustion explosion of any steam boiler or other fired vessel.
- (3) Any other explosion, except as specifically provided in A.1.a.(3).

**b. Ordinance or Law**

The enforcement of, or change in, any ordinance, law, regulation, rule or ruling regulating or restricting repair, replacement, alteration, use, operation, construction or installation, except as specifically provided in A.2.h., i. and k. (Demolition, Ordinance or Law and Hazardous Substances coverages).

**c. Earth Movement**

Earth movement, whether natural or human-made, including but not limited to earthquake, shock, tremor, subsidence, landslide, rock fall, earth sinking, sinkhole collapse or tsunami.

**d. Nuclear Hazard**

Nuclear reaction, detonation or radiation, or radioactive contamination, however caused.

**e. War and Military Action**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, political violence or action taken by governmental authority in hindering or defending against any of these.

**f. Water**

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of

- water, or their spray, all whether driven by wind or not;
  - (2) Mudslide or mudflow; or
  - (3) Water that backs up or overflows from a sewer, drain or sump.
  - g. Failure to Protect Property**  
Your failure to use all reasonable means to protect "covered property" from damage following an "accident."
  - h. Fines**  
Fine, penalty or punitive damage.
  - i. Mold**  
Mold, fungus, mildew or yeast, including any spores or toxins created or produced by or emanating from such mold, fungus, mildew or yeast. This includes, but is not limited to, costs arising from clean-up, remediation, containment, removal or abatement of such mold, fungus, mildew, yeast, spores or toxins. However, this exclusion does not apply to "spoilage" of personal property that is "perishable goods" to the extent that such "spoilage" is covered under Perishable Goods coverage.
  - j. Deliberate Acts**  
The deliberate act of any person to cause damage or harm, including but not limited to vandalism, malicious mischief or sabotage.
2. We will not pay for an "accident" caused by or resulting from any of the following causes of loss:
- a. Lightning.**
  - b. Windstorm or Hail.** However, this exclusion does not apply when:
    - (1) "Covered equipment" located within a building or structure suffers an "accident" that results from wind-blown rain, snow, sand or dust; and
    - (2) The building or structure did not first sustain wind or hail damage to its roof or walls through which the rain, snow, sand or dust entered.
  - c. Collision or any physical contact caused by a "vehicle."** This includes damage by objects falling from aircraft. However, this exclusion does not apply to any unlicensed "vehicles" which you own or which are operated in the course of your business.
  - d. Riot or Civil Commotion.**
  - e. Leakage or discharge of any substance from an automatic sprinkler system, including collapse of a tank that is part of**
- the system.
- f. Volcanic Action.**
  - g. An electrical insulation breakdown test.**
  - h. A hydrostatic, pneumatic or gas pressure test.**
  - i. Water or other means intended to extinguish a fire, even when such an attempt is unsuccessful.**
  - j. Elevator collision.**
3. We will not pay for an "accident" caused by or resulting from any of the following perils, if such peril is a covered cause of loss under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this policy.
- a. Falling Objects.**
  - b. Weight of Snow, Ice or Sleet.**
  - c. Water Damage, meaning discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance containing water or steam.**
  - d. Collapse.**
  - e. Breakage of Glass.**
  - f. Freezing caused by cold weather.**
  - g. Discharge of molten material from equipment, including the heat from such discharged material.**
4. Exclusions 2. and 3. do not apply if all of the following are true:
- a. The excluded peril occurs away from any location described in the Declarations and causes an electrical surge or other electrical disturbance;**
  - b. Such surge or disturbance is transmitted through utility service transmission lines to a described location;**
  - c. At the described location, the surge or disturbance results in an "accident" to "covered equipment" that is owned or operated under the control of you or your landlord; and**
  - d. The loss, damage or expense caused by such surge or disturbance is not a covered cause of loss under another coverage part or policy of insurance you have, whether collectible or not, and without regard to whether or not the other coverage part or policy of insurance provides the same coverage or scope of coverage as this policy.**
5. With respect to Business Income, Extra Expense

and Service Interruption coverages, we will also not pay for:

- a. Loss associated with business that would not or could not have been carried on if the “accident” had not occurred;
  - b. Loss caused by your failure to use due diligence and dispatch and all reasonable means to resume business;
  - c. That part of any loss that extends beyond or occurs after the “period of restoration.” This includes, but is not limited to:
    - (1) “Business income” that would have been earned after the “period of restoration,” even if such loss is the direct result of the suspension, lapse or cancellation of a contract during the “period of restoration”; and
    - (2) “Extra expense” to operate your business after the “period of restoration,” even if such loss is contracted for and paid during the “period of restoration.”
  - d. Any increase in loss resulting from an agreement between you and your customer or supplier. This includes, but is not limited to, contingent bonuses or penalties, late fees, demand charges beyond the calendar month when the damaged property is repaired or replaced, demurrage charges and liquidated damages.
6. With respect to Off Premises Property Damage coverage and Service Interruption coverage, we will also not pay for an “accident” caused by or resulting from any of the perils listed in Exclusion 3. above, whether or not such peril is a covered cause of loss under another coverage part or policy of insurance you have.
  7. With respect to Data Restoration coverage, we will also not pay to reproduce:
    - a. Software programs or operating systems that are not commercially available; or
    - b. “Data” that is obsolete, unnecessary or useless to you.
  8. With respect to Demolition and Ordinance or Law coverages, we will also not pay for:
    - a. Increased demolition or reconstruction costs until they are actually incurred; or
    - b. Loss due to any ordinance or law that:
      - (1) You were required to comply with before the loss, even if the building was undamaged; and
      - (2) You failed to comply with; whether or not you were aware of such non-compliance.

## C. LIMITS OF INSURANCE

Any payment made under this Equipment Breakdown Coverage will not be increased if more than one insured is shown in the Declarations or if you are comprised of more than one legal entity.

### 1. Equipment Breakdown Limit

The most we will pay for loss, damage or expense arising from any “one accident” is the amount shown as the Equipment Breakdown Limit in the Declarations.

### 2. Coverage Limits

- a. The limit of your insurance under each of the coverages listed in A.2. from loss, damage or expense arising from any “one accident” is the amount indicated for that coverage in this Equipment Breakdown Coverage or as shown in the Declarations. These limits are a part of, and not in addition to, the Equipment Breakdown Limit. If a coverage is shown as “Included,” that coverage is provided up to the remaining amount of the Equipment Breakdown Limit. If no limit is shown in the Declarations for a coverage, or if a coverage is shown as Excluded in the Declarations, that coverage will be considered to have a limit of \$0.
- b. If two or more coverage limits apply to the same loss or portion of a loss, we will pay only the smallest of the applicable limits for that loss or portion of the loss. This means that if:
  - (1) You have a loss under one of the coverages listed in A.2.; and
  - (2) All or part of the loss is not covered because the applicable coverage is Excluded or has a limit that is less than the amount of your loss,
 we will not pay the remaining amount of such loss under any other coverage.

### EXAMPLE

Property Damage Limit: \$7,000,000

Business Income Limit: \$500,000

Hazardous Substances Limit: \$25,000

There is an “accident” that results in a loss of \$100,000. If no “hazardous substance” had been involved, the property damage loss would have been \$10,000 and the business income loss would have been \$20,000. The presence of the “hazardous substance” increased the loss by \$70,000 (increasing the clean up and repair costs by \$30,000 and increasing the business income loss by \$40,000).

We will pay \$55,000 (\$10,000 property damage plus \$20,000 business income plus \$25,000 hazardous substances).

**D. DEDUCTIBLES****1. Deductibles for Each Coverage**

- a. Unless the Declarations indicate that your deductible is combined for all coverages, multiple deductibles may apply to any “one accident.”
- b. We will not pay for loss, damage or expense under any coverage until the amount of the covered loss or damage exceeds the deductible amount indicated for that coverage in the Declarations, however, in no event will the Direct Coverage deductible be less than \$1,000. We will then pay the amount of loss, damage or expense in excess of the applicable deductible amount, subject to the applicable limit indicated in the Declarations.
- c. If deductibles vary by type of “covered equipment” and more than one type of “covered equipment” is involved in any “one accident,” only the highest deductible for each coverage will apply.
- d. The following applies when a deductible is expressed as a function of the horsepower rating of a refrigerating or air conditioning system. If more than one compressor is used with a single system, the horsepower rating of the largest motor or compressor will determine the horsepower rating of the system.

**2. Direct and Indirect Coverages**

- a. Direct Coverages Deductibles and Indirect Coverages Deductibles may be indicated in the Declarations.
- b. Unless more specifically indicated in the Declarations:
  - (1) Indirect Coverages Deductibles apply to Business Income and Extra Expense loss, regardless of where such coverage is provided in this Equipment Breakdown Coverage; and
  - (2) Direct Coverages Deductibles apply to all remaining loss, damage or expense covered by this Equipment Breakdown Coverage.

**EXAMPLE**

An “accident” results in covered losses as follows:

\$100,000 Total Loss (all applicable coverages)

\$ 35,000 Business Income Loss (including \$2,000 of business income loss payable under Data Restoration coverage)

\$ 5,000 Extra Expense Loss

In this case, the Indirect coverages loss totals

\$40,000 before application of the Indirect Coverages Deductible. The Direct coverages loss totals the remaining \$60,000 before application of the Direct Coverages Deductible.

**3. Application of Deductibles****a. Dollar Deductibles**

We will not pay for loss, damage or expense resulting from any “one accident” until the amount of loss, damage or expense exceeds the applicable deductible or deductibles shown in the Declarations. We will then pay the amount of loss, damage or expense in excess of the applicable deductible or deductibles, subject to the applicable limits shown in the Declarations.

**b. Time Deductibles**

We will not be liable for any loss occurring during the specified number of hours shown in the Declarations immediately following the “accident.”

**E. LOSS CONDITIONS**

The following conditions apply:

**1. Abandonment**

There can be no abandonment of any property to us.

**2. Defense**

We have the right, but are not obligated, to defend you against suits arising from claims of owners of property in your care, custody or control. When we do this, it will be at our expense.

**3. Duties in the Event of Loss or Damage**

You must see that the following are done in the event of loss or damage:

- a. Give us a prompt notice of the loss or damage, including a description of the property involved.
- b. You must reduce your loss, damage or expense, if possible, by:
  - (1) Protecting property from further damage. We will not pay for your failure to protect property, as stated in Exclusion B.1.g.;
  - (2) Resuming business, partially or completely at the location of loss or at another location;
  - (3) Making up lost business within a reasonable amount of time. This includes working extra time or overtime at the location of loss or at another location. The reasonable amount of time does not necessarily



- end when the operations are resumed;
    - (4) Using merchandise or other property available to you;
    - (5) Using the property or services of others; and
    - (6) Salvaging the damaged property.
  - c. Allow us a reasonable time and opportunity to examine the property and premises before repair or replacement is undertaken or physical evidence of the “accident” is removed. But you must take whatever measures are necessary for protection from further damage.
  - d. Make no statement that will assume any obligation or admit any liability, for any loss, damage or expense for which we may be liable, without our consent.
  - e. Promptly send us any legal papers or notices received concerning the loss, damage or expense.
  - f. As often as may be reasonably required, permit us to inspect your property, premises and records. Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
  - g. If requested, permit us to examine you and any of your agents, employees and representatives under oath. We may examine any insured under oath while not in the presence of any other insured. Such examination:
    - (1) May be at any time reasonably required;
    - (2) May be about any matter relating to this insurance, your loss, damage or expense, or your claim, including, but not limited to, your books and records; and
    - (3) May be recorded by us by any methods we choose.
  - h. Send us a signed, sworn proof of loss containing the information we request. You must do this within 60 days after our request.
  - i. Cooperate with us in the investigation and settlement of the claim.
- 4. Errors and Omissions**
- a. We will pay your loss covered by this Equipment Breakdown coverage if such loss is otherwise not payable solely because of any of the following:
    - (1) Any error or unintentional omission

- in the description or location of property as insured under this policy;
    - (2) Any failure through error to include any premises owned or occupied by you at the inception of this policy; or
    - (3) Any error or unintentional omission by you that results in cancellation of any premises insured under this policy.
  - b. No coverage is provided as a result of any error or unintentional omission by you in the reporting of values or the coverage you requested.
  - c. It is a condition of this coverage that such errors or unintentional omissions shall be reported and corrected when discovered. The policy premium will be adjusted accordingly to reflect the date the premises should have been added had no error or omission occurred.
- 5. Proving Your Loss**
- It is your responsibility, at your own expense, to provide documentation to us:
- a. Demonstrating that the loss, damage or expense is the result of an “accident” covered under this Equipment Breakdown Coverage; and
  - b. Calculating the dollar amount of the loss, damage and expense that you claim is covered.

Your responsibility in 5.a. above is without regard to whether or not the possible “accident” occurred at your premises or involved your equipment.

**6. Salvage and Recoveries**

When, in connection with any loss under this Equipment Breakdown Coverage, any salvage or recovery is received after the payment for such loss, the amount of the loss shall be refigured on the basis on which it would have been settled had the amount of salvage or recovery been known at the time the loss was originally determined. Any amounts thus found to be due either party from the other shall be paid promptly.

**7. Valuation**

We will determine the value of “covered property” as follows:

- a. Except as specified otherwise, our payment for damaged “covered property” will be the smallest of:
  - (1) The cost to repair the damaged property;
  - (2) The cost to replace the damaged property on the same site; or
  - (3) The amount you actually spend that

is necessary to repair or replace the damaged property.

- b. The amount of our payment will be based on the most cost-effective means to replace the function, capacity and remaining useful life of the damaged property. This may include the use of generic, used or reconditioned parts, equipment or property.
- c. Except as described in d. below, you must pay the extra cost of replacing damaged property with property of a better kind or quality or of a different size or capacity.
- d. Environmental, Safety and Efficiency Improvements  
If “covered equipment” requires replacement due to an “accident,” we will pay your additional cost to replace with equipment that we agree is better for the environment, safer for people or more energy efficient than the equipment being replaced, subject to the following conditions:
  - (1) We will not pay more than 125% of what the cost would have been to replace with like kind and quality;
  - (2) We will not pay to increase the size or capacity of the equipment;
  - (3) This provision only applies to Property Damage coverage;
  - (4) This provision does not increase any of the applicable limits; and
  - (5) This provision does not apply to the replacement of component parts.
- e. If any one of the following conditions is met, property held for sale by you will be valued at the sales price as if no loss or damage had occurred, less any discounts and expenses that otherwise would have applied:
  - (1) The property was manufactured by you;
  - (2) The sales price of the property is less than the replacement cost of the property; or
  - (3) You are unable to replace the property before its anticipated sale.
- f. Except as specifically provided for under Data Restoration coverage, “data” and “media” will be valued on the following basis:
  - (1) For mass-produced and commercially available software, at the replacement cost.
  - (2) For all other “data” and “media,” at the cost of blank “media” for reproducing the records. We will not

pay for “data” representing financial records based on the face value of such records.

## F. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Loss Conditions:

### 1. Additional Insured

If a person or organization is designated in this Equipment Breakdown Coverage as an additional insured, we will consider them to be an insured under this Equipment Breakdown Coverage only to the extent of their interest in the “covered property.”

### 2. Bankruptcy

The bankruptcy or insolvency of you or your estate will not relieve you or us of any obligation under this Equipment Breakdown Coverage.

### 3. Concealment, Misrepresentation or Fraud

We will not pay for any loss and coverage will be void if you or any additional insured at any time:

- a. Intentionally cause or allow loss, damage or expense in order to collect on insurance; or
- b. Intentionally conceal or misrepresent a material fact concerning:
  - (1) This Equipment Breakdown Coverage;
  - (2) The “covered property”;
  - (3) Your interest in the “covered property”; or
  - (4) A claim under this Equipment Breakdown Coverage.

### 4. Jurisdictional Inspections

It is your responsibility to comply with any state or municipal boiler and pressure vessel regulations. If any “covered equipment” that is “covered property” requires inspection to comply with such regulations, at your option we agree to perform such inspection. We do not warrant that conditions are safe or healthful.

### 5. Legal Action Against Us

No one may bring a legal action against us under this Equipment Breakdown Coverage unless:

- a. There has been full compliance with all the terms of this Equipment Breakdown Coverage; and
- b. The action is brought within two years after the date of the “accident”; or
- c. We agree in writing that you have an obligation to pay for damage to “covered property” of others or until the amount of

that obligation has been determined by final judgment or arbitration award. No one has the right under this policy to bring us into an action to determine your liability.

## **6. Liberalization**

If we adopt any standard form revision for general use that would broaden the coverage under this Equipment Breakdown Coverage without additional premium, the broadened coverage will apply to this Equipment Breakdown Coverage commencing on the date that such revision becomes effective in the jurisdiction where the "accident" occurs.

## **7. Loss Payable**

- a. We will pay you and the loss payee shown in the Declarations for loss covered by this Equipment Breakdown Coverage, as interests may appear. The insurance covers the interest of the loss payee unless the loss results from conversion, secretion or embezzlement on your part or on the part of the loss payee.
- b. We may cancel the policy as allowed by the Cancellation Condition. Cancellation ends this agreement as to the loss payee's interest. If we cancel, we will mail you and the loss payee the same advance notice.
- c. If we make any payment to the loss payee, we will obtain their rights against any other party.

## **8. Maintaining Your Property and Equipment**

It is your responsibility to appropriately maintain your property and equipment. We will not pay your costs to maintain, operate, protect or enhance your property or equipment, even if such costs are to comply with our recommendations or prevent loss, damage or expense that would be covered under this policy.

## **9. Mortgage Holders**

- a. The term mortgage holder includes trustee.
- b. We will pay for direct damage to "covered property" due to an "accident" to "covered equipment" to you and each mortgage holder shown in the Declarations in their order of precedence, as interests in the "covered property" may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the "covered property."
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Equipment Breakdown Coverage, the mortgage holder will still have the right to receive loss payment,

provided the mortgage holder does all of the following:

- (1) Pays any premium due under this Equipment Breakdown Coverage at our request if you have failed to do so;
- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so;
- (3) Has notified us of any change in ownership or material change in risk known to the mortgage holder; and
- (4) Has complied with all other terms and conditions of this Policy.

All of the terms of this Equipment Breakdown Coverage will then apply directly to the mortgage holder.

- e. If we pay the mortgage holder for any loss and deny payment to you because of your acts or because you have failed to comply with the terms of this Equipment Breakdown Coverage:

- (1) The mortgage holder's right under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgage holder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

- h. If we suspend coverage, it will also be suspended as respects the mortgage holder. We will give written notice of the suspension to the mortgage holder.

## **10. Other Insurance**

If there is other insurance that applies to the same loss, damage or expense, this Equipment



Breakdown Coverage shall apply only as excess insurance after all other applicable insurance has been exhausted.

#### 11. Policy Period, Coverage Territory

Under this Equipment Breakdown Coverage:

- a. The “accident” must occur during the Policy Period, but expiration of the policy does not limit our liability.
- b. The “accident” must occur within the following Coverage Territory:
  - (1) The United States of America (including its territories and possessions);
  - (2) Puerto Rico; and
  - (3) Canada.

#### 12. Privilege to Adjust with Owner

In the event of loss, damage or expense involving property of others in your care, custody or control, we have the right to settle the loss, damage or expense with respect to such property with the owner of the property. Settlement with owners of that property will satisfy any claim of yours.

#### 13. Suspension

Whenever “covered equipment” is found to be in, or exposed to, a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an “accident” to that “covered equipment.” This can be done by delivering or mailing a written notice of suspension to:

- a. Your last known address; or
- b. The address where the “covered equipment” is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for that “covered equipment.”

If we suspend your insurance, you will get a pro rata refund of premium for that “covered equipment” for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

#### 14. Transfer of Rights of Recovery Against Others to Us

If any person or organization to or for whom we make payment under this Equipment Breakdown Coverage has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to an “accident.”

- b. After an “accident” only if, at time of the “accident,” that party is one of the following:
  - (1) Someone insured by this Policy; or
  - (2) A business firm:
    - (a) Owned or controlled by you; or
    - (b) That owns or controls you.

### G. DEFINITIONS

#### 1. “Accident”

- a. “Accident” is defined in A.1.a.
- b. None of the following is an “accident,” however caused and without regard to whether such condition or event is normal and expected or unusual and unexpected:
  - (1) Depletion, deterioration, rust, corrosion, erosion, settling or wear and tear;
  - (2) Any gradually developing condition;
  - (3) Any defect, programming error, programming limitation, computer virus, malicious code, loss of “data,” loss of access, loss of use, loss of functionality or other condition within or involving “data” or “media” of any kind;
  - (4) Contamination by a “hazardous substance”; or
  - (5) Misalignment, miscalibration, tripping off-line, or any condition which can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance.

2. “Building Utilities” means “covered equipment” permanently mounted on or in a building and used to provide any of the following services within the building: heating, ventilating, air conditioning, electrical power, hot water, elevator or escalator services, natural gas service or communications. “Building utilities” does not include personal property or equipment used in manufacturing or processing.

3. “Buried Vessels or Piping” means any piping or vessel buried or encased in the earth, concrete or other material, whether above or below grade, or in an enclosure which does not allow access for inspection and repair.

4. “Business Income” means the sum of:
  - a. The Net Income (net profit or loss before income taxes) that would have been earned or incurred; and
  - b. Continuing normal and necessary operating expenses incurred, including employee payroll.

**5. "Covered Equipment"**

- a. "Covered Equipment" is defined in A.1.b.
- b. None of the following is "covered equipment":
  - (1) Structure, including but not limited to the structural portions of buildings and towers, scaffolding, and any air supported enclosure;
  - (2) Foundation;
  - (3) Cabinet, compartment, conduit or ductwork;
  - (4) Insulating or refractory material;
  - (5) "Buried vessels or piping" and any other equipment located underground or wholly or partly buried underground;
  - (6) Waste, drainage or sewer piping;
  - (7) Piping, valves or fittings forming a part of a sprinkler or fire suppression system;
  - (8) Water piping that is not part of a closed loop used to conduct heat or cooling from a boiler or a refrigeration or air conditioning system;
  - (9) "Vehicle" or any equipment mounted on a "vehicle", unless the "vehicle" is parked within the Coverage Territory and the equipment is in use or connected, ready for use;
  - (10) Satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
  - (11) Dragline, excavation or construction equipment;
  - (12) Equipment manufactured by you for sale
  - (13) "Data";
  - (14) Rotating biological contactors;
  - (15) Conveyors, cranes or hoists; or
  - (16) Mobile Magnetic Resonance Imaging equipment (MRI) until it has operated for four continuous hours at the location where the "accident" occurs.

**6. "Covered Property"**

- a. "Covered Property" means property that you own or property that is in your care, custody or control and for which you are legally liable. Such property must be at a location described in the Declarations except as provided under Off Premises Property Damage coverage.
- b. None of the following is "covered property":
  - (1) Accounts, bills, currency, deeds or other evidences of debt, money, notes or securities;

- (2) Fine arts, jewelry, furs or precious stones;
- (3) Precious metal, unless forming a part of "covered equipment";
- (4) Animals;
- (5) Contraband, or property in the course of illegal transportation or trade;
- (6) Land (including land on which the property is located), water, trees, growing crops or lawns;
- (7) Shrubs or plants, unless held indoors for retail sale; or
- (8) Media used in trickle filters or other sewage processing equipment, including but not limited to biological or plastic media.

- 7. **"Data"** means information or instructions stored in digital code capable of being processed by machinery.
- 8. **"Extra Expense"** means the additional cost you incur to operate your business over and above the cost that you normally would have incurred to operate your business during the same period had no "accident" occurred.
- 9. **"Hazardous Substance"** means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
- 10. **"Media"** means material on which "data" is recorded, such as magnetic tapes, hard disks, optical disks or floppy disks.
- 11. **"One Accident"** means all "accidents" occurring at the same time from the same event. If an "accident" causes other "accidents," all will be considered "one accident."
- 12. **"Period of Restoration"** means the period of time that begins at the time of the "accident" and continues until the earlier of:
  - a. The date the physical damage to "covered equipment" is repaired or replaced; or
  - b. The date on which such damage could have been repaired or replaced with the exercise of due diligence and dispatch,
 plus an additional 5 days.
- 13. **"Perishable Goods"** means any "covered property" subject to deterioration or impairment as a result of a change of conditions, including but not limited to temperature, humidity or pressure.
- 14. **"Spoilage"** means any detrimental change in state. This includes but is not limited to thawing of frozen goods, warming of refrigerated goods, freezing of fresh goods, solidification of liquid or molten material and chemical reactions to

material in process.

15. **“Vehicle”** means any machine or apparatus that is used for transportation or moves under its own power. “Vehicle” includes, but is not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester.

However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a “vehicle.”

#### CHANGES IN COLLAPSE COVERAGE

Your policy is endorsed with a new Collapse Coverage Endorsement

This endorsement clarifies the intent of the Collapse Additional Coverage Provisions. Specifically the meanings of "collapse", "decay", and "insect or vermin damage" are more clearly described.

With respects to buildings, "collapse" is described as follows:

1. "Collapse" means an abrupt falling down or caving in of a building or any part of the building with the result that the building or part of the building cannot be occupied for its intended purposes.
2. A building or any part of a building that is in imminent danger of collapse is not considered to be in a state of collapse.
3. A building that is standing or any part of a building that is standing is not considered to be in state of collapse even if it:
  - a. Has separated from another part of a building, or
  - b. Shows evidence of decay, insect or vermin damage, cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

In addition, we will pay for damage caused by a collapse, if the collapse is caused by decay or insect or vermin damage that is hidden from view and unknown to the insured.

The endorsement also provides coverage for personal property that abruptly falls down or caves in and is not the result of the collapse of the building. This coverage is subject to certain conditions which are listed in the endorsement.

Collapse

**Coverage Pack 2019**

The following Summary of Coverage Sub-limits of Liability will apply on a per occurrence basis and considered inclusive within the limits of liability set forth in the Declaration page, unless otherwise stated in the Declaration page or endorsed hereafter:

1. Employee Dishonesty – Refer to Form CR0001 10 90	\$ 2,500 / \$500 Ded
2. Robbery & Safe Burglary – Refer to Form CR0018 10 90	\$ 2,500 / \$500 Ded
3. Valuable Papers and Records	\$ 25,000
4. Accounts Receivable	\$ 50,000
5. Professional Fees	\$ 100,000
6. Emergency Vacating Expense	\$ 25,000
7. Locks and Keys	\$ 5,000
8. Pollution Cleanup and Removal	\$ 25,000
9. Off Premises Service Interruption	\$ 100,000
10. Electronic Data Processing Equipment	\$ 25,000
11. Fine Arts	\$ 25,000
12. Fire Brigade Charges and Extinguishing Expenses	\$ 25,000
13. Mold, Fungi, Wet or Dry Rot	\$ 25,000
14. Water and Sewer Back Up	\$ 25,000
15. A) Newly Acquired Property – Bldgs. (60 days reporting)	\$ 500,000
B) Newly Acquired Property – Contents (60 days reporting)	\$ 250,000
16. Ordinance or Law	
Coverage A-Undamaged Portions	Included
Coverage B-Demolition	10% of Building Limit
Coverage C-Increased Cost of Construction	10% of Building Limit
17. Unintentional Errors and Omissions	\$ 50,000
18. Debris Removal	\$ 250,000
19. Civil Authority	\$ 250,000 or 60 days, whichever is greater
20. Ingress/Egress	45 days
21. Personal Effects and Property of Others	\$ 15,000
22. Outdoor Property	\$ 25,000
1. Tree, Shrubs, Plants (subject to max \$1,000 for any one plant)	\$ 5,000
23. Signs	\$ 15,000
24. Fire Protection Equipment Refill	\$ 10,000
25. Spoilage	\$ 25,000

**\$2,500 Deductible for all coverages unless otherwise specified**

**\$400.00 Premium**

In consideration of the premium paid and subject to the **EXCLUSIONS, CONDITIONS AND LIMITATIONS** of the Policy to which this endorsement is attached:

**1. Employee Dishonesty**

- a. Refer to Form CR000110 90 Employee Dishonesty Coverage Form
- b. The most we will reimburse you for this extension is the limit specified in the Summary of Coverage Sub-Limits.

**2. Robbery & Safe Burglary**

- a. Refer to Form CR0018 10 90 Robbery and Safe Burglary Coverage Form
- b. The most we will reimburse you for this extension is the limit specified in the Summary of Coverage Sub-Limits.

**3. Valuable Papers**

This insurance is extended to cover Valuable Papers as defined below:

- a. The term "Valuable Papers" shall include but not be limited to written, printed or otherwise inscribed documents and records including books, maps, film, drawings, abstracts, deeds, mortgages, manuscripts,
- b. The term "Valuable Papers" shall not mean money or securities.  
Notwithstanding the limit of insurance stated elsewhere in this Policy, the limit of Underwriters Liability for loss shall not exceed the actual cash value of the property at the time of loss nor what it would then cost to repair or replace the property with other of like kind and quality.
- c. The limit of Liability will not exceed the applicable limit of insurance shown in the sub-limits.

**4. Accounts Receivable**

This insurance is extended to cover Accounts Receivable as defined below:

- a. Insures against loss of sums owed to the insured by its customers that are uncollectible because of damage by an insured peril to accounts receivable records
- b. All Sums due to the Named Insured from customers, provided the Named Insured is unable to effect collections thereof as direct result of loss or damage to records of accounts receivable
- c. Collection expense in excess of normal collection cost and made necessary because of such loss or damage
- d. Other expenses, when reasonably incurred by the Named Insured in re-establishing records of accounts receivable following such loss or damage.
- e. The limit of Liability will not exceed the applicable limit of insurance shown in the sub-limits.

**5. Professional Fees**

This insurance is extended to cover reasonable claims administration and loss data preparation fees and expenses to: Auditors, Accountants, Appraisers, Architects, Engineers, Construction consultants for producing and certifying particulars or details of the Named Insured's business in order to determine the amount of loss. Expenses must be incurred by the Named Insured in order to establish the amount of the loss

- a. The Company will not be liable for fees or expenses to: attorneys, public adjusters, or the Named Insureds own employees or agents.
- b. The limit of Liability will not exceed the applicable limit of insurance shown in the sub-limits.

**6. Emergency Vacating Expense**

This insurance is extended to cover the reasonable expenses incurred by the Insured to evacuate occupants when an authorized governmental agency or other similar authority orders the emergency evacuation of an insured building as a result of an impending insured peril that threatens imminent physical danger or loss of life to the occupants of the building. The limit of Liability will not exceed the applicable limit of insurance shown in the sub-limits.

### **7. Locks and Keys**

This insurance is extended to provide indemnity to the insured for cost of damage to locks or misplaced keys. The limit of Liability will not exceed the applicable limit of insurance shown in the sub-limits.

### **8. Pollution Cleanup and Removal**

This Insurance is extended to provide indemnity to the Insured for the cost of Clean up and/or Removal of any Pollution directly resulting from physical loss or damage insured by this Policy that occurs during the Period of Insurance stated in the Schedule.

Provided always that the maximum payable in respect of the indemnity available under this Extension shall not exceed the amount stated in the Program Sub-limits in respect of Pollutant Clean Up and Removal.

### **9. Off Premises Service Interruption**

This insurance is extended to cover the actual loss sustained and necessary Extra Expense incurred during the period of time when, as direct result of physical damage within five miles of the premises by a peril insured against, electrical, steam, gas, water or telephone services to the described premises are interrupted. The limit of Liability will not exceed the applicable limit of insurance shown in the sub-limits.

### **10. Electronic Data Processing Equipment**

1) You may extend the insurance that applies to Your Business Personal Property to apply at the described premises in the Declarations for direct physical loss or damage to "electronic data processing hardware", "telecommunications equipment", "electronic data" and "media":

- (a) Owned by you (other than your "stock");
- (b) Owned by others, but leased to you; or
- (c) Owned by others but in your care, custody or control (other than your "stock").

2. Under this Additional Coverage the following additional Causes of Loss are covered:

- (a) Changes in your electrical power supply, including interruption, power surge, blackout or brownout;
- (b) Dampness or dryness of atmosphere or changes in or extremes of temperature caused by direct physical damage from a Covered Cause of Loss to an air conditioning unit or system, including equipment and parts, which is part of or used with an electronic data processing system .
- (c) Short circuit, blowout, or other electrical disturbance within the "electronic data processing hardware";
- (d) Electrical or magnetic injury, disturbance, or erasure of electronic recordings;
- (e) Floods, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (f) Earth movement, such as an earthquake, landslide or earth sinking, rising or shifting; and
- (g) A virus, harmful code or similar instruction introduced into or enacted on a computer system or network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation but only for the limits outlined in **9. Limits of Insurance** below.

The additional Causes of Loss provided in this Additional Coverage are not applicable to Business Income and/or Extra Expense other than that provided in the Business Income or Extra Expense form(s).

**3. The following additional exclusions apply only to the Electronic Data Processing Hardware, Electronic Data and Media Additional Coverage in this endorsement:**

We will **not** cover loss resulting directly or indirectly from:

- (a) Errors, omissions or incorrect instructions in programming or processing "electronic data";
- (b) Errors or deficiency in design, installation, maintenance, repair or modification of your computer system or any computer system or network to which your system is connected or on which your system depends (including "electronic data");



(c) Manipulation of your computer system, including “electronic data”, by an employee, volunteer worker or contractor, for the purpose of diverting “electronic data” or causing fraudulent or illegal transfer of any property;

(d) Unauthorized viewing, copying or use of “electronic data” (or any proprietary or confidential information or intellectual property in any form) by any person, even if such activity is characterized as theft.

#### **11. Fine Arts Extension:**

This insurance is extended to cover Fine Arts against Direct Physical Loss or Damage and is defined as follows:

- a. Paintings; etchings; pictures; tapestries; rare or art glass; art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; bric-a-brac; porcelains; and similar property of rarity, historical value, or artistic merit excluding automobiles, coins, stamps, furs, jewelry, precious stones, precious metals, watercraft, aircraft, money, securities.
- b. This Policy covers insured physical loss or damage to Fine Arts articles while anywhere within this Policy's territory, including while in transit

This additional coverage excludes loss or damage if the Fine Arts cannot be replaced with other of like kind and quality, unless it is specifically declared to the Insurer.

This Policy does not insure against:

- a. Deterioration, wear and tear or inherent vice;
- b. Loss or damage from any repairing, restoration or retouching process.

The limit of Liability will not exceed the applicable limit of insurance shown in the sub-limits.

#### **12. Fire Brigade Charges and Extinguishing Expenses**

This insurance is extended to cover the following expenses resulting from a covered loss:

- c. fire brigade charges and any extinguishing expenses which the Assured incurs
- d. loss and disposal of fire extinguishing materials expended.

Limit is as stated in the Program Sub limits

- e. The limit of Liability will not exceed the applicable limit of insurance shown in the sub-limits.

#### **13. Mold, Fungi, Wet or Dry Rot or Bacteria**

This insurance is extended to cover direct physical loss, damage or destruction to insured property resulting from Fungus, Mold, Wet or Dry Rot which is a direct result of physical loss, damage or destruction from a covered peril insured against under this policy that occurs to covered property under this policy, during the policy term. This coverage includes the cost or expense to test for remove and remediate;

- a. any Fungus, Mold, Wet or Dry Rot from insured property caused by insured direct physical loss, damage or destruction. The cost to tear out and replace any part of the building or other property as needed to gain access to the Fungus, Mold, Wet or Dry Rot is also insured.
- b. any and all other damage of the type not otherwise excluded by this policy resulting from Fungus, Mold, Wet or Dry Rot.
- c. The limit of Liability will not exceed the applicable limit of insurance shown in the sub-limits.

The cost of testing performed after removal and remediation of such Fungus, Mold, Wet or Dry Rot from insured property is also insured provided there is reason to believe that such Fungus, Mold, Wet or Dry Rot is still present.

It is agreed that the Insured shall give notice to the Company of intent to claim for the costs or expenses described above no later than 12 months after the date of direct physical loss, damage or destruction giving rise to the Fungus, Mold, Wet or Dry Rot.



Fungus means any of the plants or organisms belonging to the major group fungi, lacking chlorophyll, and including mold(s), rusts, mildews, yeasts, smuts and mushrooms. Mold means any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produce mold(s). Both definitions include any spores or toxins created or produced by or emanating from such Fungus or Mold. Spores mean any dormant or reproductive body produced by or arising or emanating out of Fungus or Mold.

#### **14. Water and Sewer Backup**

This insurance is extended to cover direct physical loss to covered property caused by

- a. water that backs up through a sewer or drain; or
- b. water below the surface of the ground, including but not limited to water that exerts pressure on or flows, seeps, or leaks through or into a covered building or structure.

#### **15. Newly Acquired Property**

This insurance is extended to cover direct physical loss or damage to buildings or personal property at newly acquired premises, and caused by or resulting from a peril not otherwise exclude, not to exceed the Limit of Liability for Building or Personal Property shown in the Declarations under Newly Acquired Premises.

This coverage applies until the first of the following occurs:

- a. You report the value of the building or personal property at the newly acquired premises to us,
- b. 60 days passes from the date you acquire the premises or
- c. This policy expires

We will charge you the additional premium for the reported values from the date you acquired the premises or construction begins on the building.

#### **16. Ordinance or Law**

If there is an ordinance or law in effect at the time of loss or damage that regulates zoning, land use or construction of a building or personal property, and if that ordinance or law affects the repair or replacement of the lost or damaged building or personal property, this insurance is extended to cover:

- a. the costs to demolish and clear the site of the undamaged portion of the building or personal property, not to exceed the applicable Limit Of Insurance for Demolition Cost shown in the Schedule above for the premises where such costs are incurred; and
- b. the increased cost to repair or replace the building to the same general size or personal property for the same general use, to the minimum standards of such ordinance or law, but only if you repair or replace the building or personal property as soon as reasonably possible:
  - ii. not to exceed the applicable Limit Of Insurance for Increased Cost of Construction shown in the Schedule above for the premises where such increased costs are incurred; and
  - iii. excluding any costs:
    - a. for land, water or air, either inside or outside of a building;
    - b. for paved or concrete surfaces, retaining walls, foundations or supports below the surface of the lowest floor or basement, unless specifically covered by this policy, or outdoor trees, shrubs, plants or lawns;
    - c. incurred outside the legal property boundary of the premises shown in the Declarations;
    - d. if building or personal property is valued on an actual cash value basis; or
    - e. for any ordinance or law that you were required to, but failed to, comply with before the loss.

When direct physical loss or damage is caused by or results from both:

- a. peril not otherwise excluded; and
- b. an excluded peril,

Ordinance Or Law Coverage will not include costs attributable to the excluded peril.

Instead, the most we pay will be based on that portion of such costs equal to the proportion that the covered direct physical loss or damage bears to the total direct physical loss or damage, not including Ordinance Or Law costs, unless the Ordinance Or Law applies solely to that portion of the building or personal property which suffered the covered direct physical loss or damage.

This Coverage will not include any costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants.

#### **17. Unintentional Errors or Omissions**

If physical loss or damage is not payable under this Policy solely due to an unintentional error or omission:

- a. in the description of where an insured property is physically located;
- b. to include any Location:
  - i. owned, rented or leased by the Insured on the effective date of this Policy; or
  - i. purchased, rented or leased by the Insured during the Period of Insurance of this Policy; or
- c. that results in cancellation of the property insured under this Policy;

this policy is extended to cover such physical loss or damage, to the extent it would have provided coverage had such unintentional error or omission not been made and subject to the amount shown under the Sub-limits section above.

It is a further condition of this Coverage Enhancement that any error or unintentional omission be reported by the Insured to Underwriters when discovered and corrected.

#### **18. Debris Removal**

This insurance is extended to cover the following expenses resulting from a covered loss:

- a. the cost of removal of debris of property covered hereunder;
- b. the cost of removal of debris of property not covered hereunder from the premises of the Insured;
- c. the cost of recycling debris of property insured hereunder including the reasonable cost of cleaning, sorting, separating, segregating and transporting such debris to recycling centers.

#### **19. Civil or Military Authority**

This insurance is extended to cover the actual loss sustained and necessary Extra Expense incurred during the period of time when, as direct result of physical damage within five miles of the premises by a peril insured against, access to the described premises is prohibited by order of civil or military authority the. The maximum period of indemnity in respect to this extension shall not exceed 30 consecutive days from the date of that order.

#### **20. Ingress/Egress**

This policy is extended to cover the actual loss sustained and necessary Extra Expense during the period of time when as direct result of physical damage within five miles of the premises by a peril insured against, ingress to or egress from the described premises is thereby prevented. The maximum period of indemnity in respect to this extension shall not exceed 30 consecutive days.

#### **21. Personal Effects and Property of Others** is replaced by the following:

You may extend the insurance that applies to Your Business Personal Property to apply to:

1. Personal Effects owned by you, your officers, your partners or members, your managers or your employees. This includes tools owned by your employees that are used in your business while such tools are located in or on building(s) described in the Declarations or in the open (or in a vehicle) within one hundred feet of the described premises,
2. "Personal Property of Others" in your care, custody or control. This includes property that you have sold which is awaiting delivery or installation.

However, this Extension does not apply if the "loss" is covered by other insurance, whether collectible or not.

For "Personal Property of Others", **Extension Of Replacement Cost To Personal Property Of Others** in the **Optional Coverages Section**, is applicable.

Additional Definition:

"Personal Property of Others" means personal property that you do not own. It does not include:

1. Personal property that belongs you, your officers, your partners or members, your managers or your employees; or
2. Business Personal Property leased from others.

The most we will pay for loss or damage under this Coverage Extension is \$15,000 at each described premises. Our payment for loss of or damage to "personal property of others" will only be for the account of the owner of the property.

## 22. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

1. Fire;
2. Lightning;
3. Explosion;
4. Riot or Civil Commotion;
5. Aircraft;

The most we will pay for loss or damage to trees, shrubs, or plants (including debris removal expense) under this Coverage Extension is \$5,000, but not more than \$1,000 for any one tree, shrub or plant. The most we will pay for other property under this Coverage Extension is \$25,000. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence

A \$500 deductible applies to this Coverage Extension. The amount payable under this Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Coverage Extension.

## 23. Signs

Coverage is extended as follows:

1. We will pay for loss or damage caused by a Covered Cause of Loss to signs at the premises described in the Declarations:

- (a) Owned by you; or
- (b) Owned by others in your care, custody or control.

2. The **Exclusions and Limitations** Section does not apply to this Coverage Extension for **Signs**, except for:

- (a) **Governmental Action**;
- (b) **Nuclear Hazard**; and
- (c) **War and Military Action**.
- (d) Delay, loss of use or loss of market;
- (e) Smoke, vapor or gas from agricultural smudging or industrial operations.
- (f) Wear and tear; rust or other corrosion, decay, deterioration, hidden or latent defects or any quality in property that causes it to damage or destroy itself; smog; settling, cracking, shrinking or expansion; nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals; mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision;
- (g) Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

3. We will also not pay for loss or damage caused by or resulting from any of the following:

- (a) Dampness or dryness of atmosphere;
- (b) Changes in extremes of temperature
- (c) Marring or scratching; or
- (d) Rain, snow, ice or sleet.

4. The most we will pay under this Coverage Extension is \$15,000 any one occurrence.

5. A \$500 deductible applies to this Coverage Extension.

The amount payable under this Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Coverage Extension.

#### **24. Fire Protection Equipment Refill**

We will pay:

- 1. Expenses you incur for the recharging or refilling of your automatic fire extinguishing equipment after such equipment is discharged as a result of a fire to your Covered Property; or
- 2. For loss or damage to Covered Property if caused by the accidental discharge of fire suppressant chemicals from your automatic fire extinguishing system. This limit may be used to cover the additional expense you incur to recharge such systems following a covered accidental discharge; or
- 3. The cost you incur to recharge or refill portable fire extinguishing equipment after being used to fight a fire to your Covered Property.

The most we will pay under this Additional Coverage is \$10,000 for each occurrence at your described premises. No deductible applies to this Additional Coverage. The amount payable under this Additional Coverage is additional insurance. The Additional Condition, Coinsurance, does not apply to this Additional Coverage.

## 25. Spoilage

**Coverage is provided as follows:**

1. You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage to “perishable stock” caused by or resulting from:

(a) A change in temperature or humidity resulting from mechanical breakdown or failure of refrigerating, cooling, heating, or humidity control equipment, but only while such equipment is at the premises described in the Declarations;

(b) Contamination by the refrigerant resulting from the failure or mechanical breakdown of refrigerating or cooling equipment at the premises described in the Declarations; or,

(c) Complete or partial interruption or failure of power or other utility service either on or off the premises described in the Declarations, due to conditions beyond your control.

2. We will determine the value of “perishable stock” in the event of loss or damage at:

(a) The selling price, as if no loss or damage had occurred;

(b) Less discounts and expenses that you otherwise would have had.

3. We will not pay for loss or damage caused by or resulting from:

(a) The disconnection of any refrigerating, cooling, heating, or humidity control equipment or systems from the source of power;

(b) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electric power or current or other utility service;

(c) The inability of an electric power company or other utility service to provide sufficient power of service due to lack of fuel or Governmental order; or

(d) The inability of a power source or other utility at the premises described in the Declarations to provide sufficient power or service due to lack of generating or operating capacity to meet demand, or

(e) Breaking of any glass that is a permanent part of any refrigerating, cooling, heating or humidity control unit.

4. Coverage provided by this Coverage Extension does not apply if the loss or damage is covered by any other insurance, whether collectible or not.

5. The most we will pay for loss or damage under this Coverage Extension is \$15,000 per occurrence at each premises described in the Declarations.

6. A \$250 deductible applies to this Coverage Extension. This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Coverage Extension.

7. The following “Definitions” is added for this Coverage Extension:

“Perishable Stock” means personal property:

(a) Maintained under controlled conditions for its preservation; and

(b) Susceptible to loss or damage if the controlled conditions change.

The most we will pay for other property under this Coverage Extension is \$25,000. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence

A \$500 deductible applies to this Coverage Extension. The amount payable under this Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Coverage Extension.

# BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H. Definitions.

## A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

### 1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.** Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

**a. Building**, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
  - (a) Machinery; and
  - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
  - (a) Fire-extinguishing equipment;
  - (b) Outdoor furniture;
  - (c) Floor coverings; and
  - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
  - (a) Additions under construction, alterations and repairs to the building or structure;
  - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

**b. Your Business Personal Property** consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you occupy but do not own; and
  - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

**c. Personal Property Of Others** that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.



However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

## 2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
  - (1) The lowest basement floor; or
  - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;
- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, **n.**, does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
  - (1) Are licensed for use on public roads; or
  - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

  - (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;



- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
  - (c) Rowboats or canoes out of water at the described premises; or
  - (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or
- q.** The following property while outside of buildings:

- (1) Grain, hay, straw or other crops;
- (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

### **3. Covered Causes Of Loss**

See applicable Causes Of Loss form as shown in the Declarations.

### **4. Additional Coverages**

#### **a. Debris Removal**

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
  - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
  - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
  - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;

- (d) Remove property of others of a type that would not be Covered Property under this Coverage Form;
  - (e) Remove deposits of mud or earth from the grounds of the described premises;
  - (f) Extract "pollutants" from land or water; or
  - (g) Remove, restore or replace polluted land or water.
- (3)** Subject to the exceptions in Paragraph (4), the following provisions apply:
- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
  - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4)** We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
  - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

### (5) Examples

The following examples assume that there is no Coinsurance penalty.

#### Example 1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

#### Example 2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000, capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph (4). Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

#### b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

#### c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

**d. Pollutant Clean-up And Removal**

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

**e. Increased Cost Of Construction**

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in **e.(3)** through **e.(9)** of this Additional Coverage.
- (3) The ordinance or law referred to in **e.(2)** of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
  - (a) You were required to comply with before the loss, even when the building was undamaged; and
  - (b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

- (a) We will not pay for the Increased Cost of Construction:
  - (i) Until the property is actually repaired or replaced at the same or another premises; and
  - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in **e.(6)** of this Additional Coverage, is not subject to such limitation.

**f. Electronic Data**

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

(3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:

- (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
- (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
- (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

## 5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

### a. Newly Acquired Or Constructed Property

#### (1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
  - (i) Similar use as the building described in the Declarations; or
  - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

## (2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
- (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

## (3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.



**b. Personal Effects And Property Of Others**

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

**c. Valuable Papers And Records (Other Than Electronic Data)**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

**d. Property Off-premises**

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
  - (a) Temporarily at a location you do not own, lease or operate;
  - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
  - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
  - (a) In or on a vehicle; or
  - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

**e. Outdoor Property**

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

**f. Non-owned Detached Trailers**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
  - (a) The trailer is used in your business;
  - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
  - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
  - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
  - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

**g. Business Personal Property Temporarily In Portable Storage Units**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.

- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.
- (3) Coverage under this Extension:
  - (a) Will end 90 days after the business personal property has been placed in the storage unit;
  - (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

**B. Exclusions And Limitations**

See applicable Causes Of Loss form as shown in the Declarations.

**C. Limits Of Insurance**

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

#### D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

#### Example 1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building 1:	\$ 60,000
Limit of Insurance – Building 2:	\$ 80,000
Loss to Building 1:	\$ 60,100
Loss to Building 2:	\$ 90,000

The amount of loss to Building 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

\$ 60,100

– 250

\$ 59,850 Loss Payable – Building 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:  
\$59,850 + \$80,000 = \$139,850

#### Example 2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

Loss to Building 1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building 2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable – Building 1:	\$60,000
(Limit of Insurance)	
Loss Payable – Building 2:	\$80,000
(Limit of Insurance)	
Total amount of loss payable:	\$140,000

#### E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

##### 1. Abandonment

There can be no abandonment of any property to us.

##### 2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

##### 3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.



- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
  - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
  - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
  - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
  - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.  
  
Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
  - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
  - (8) Cooperate with us in the investigation or settlement of the claim.
- b.** We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

#### 4. Loss Payment

- a.** In the event of loss or damage covered by this Coverage Form, at our option, we will either:
- (1) Pay the value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
  - (3) Take all or any part of the property at an agreed or appraised value; or
  - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.
- We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.
- b.** The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c.** We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d.** We will not pay you more than your financial interest in the Covered Property.
- e.** We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f.** We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g.** We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:
- (1) We have reached agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.

**h.** A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

## **5. Recovered Property**

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

## **6. Vacancy**

### **a. Description Of Terms**

**(1)** As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

**(a)** When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

**(b)** When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

- (i)** Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or
- (ii)** Used by the building owner to conduct customary operations.

**(2)** Buildings under construction or renovation are not considered vacant.

### **b. Vacancy Provisions**

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

**(1)** We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:

- (a)** Vandalism;
- (b)** Sprinkler leakage, unless you have protected the system against freezing;
- (c)** Building glass breakage;
- (d)** Water damage;
- (e)** Theft; or
- (f)** Attempted theft.

**(2)** With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

## **7. Valuation**

We will determine the value of Covered Property in the event of loss or damage as follows:

- a.** At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.
- b.** If the Limit of Insurance for Building Satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value, even when attached to the building:

- (1) Awnings or floor coverings;
  - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
  - (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
  - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
    - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
    - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
  - (3) Nothing if others pay for repairs or replacement.

## F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

### 1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

### Example 1 (Underinsurance)

When: The value of the property is: \$ 250,000  
 The Coinsurance percentage for it is: 80%  
 The Limit of Insurance for it is: \$ 100,000  
 The Deductible is: \$250  
 The amount of loss is: \$ 40,000

Step (1):  $\$250,000 \times 80\% = \$200,000$

(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):  $\$100,000 \div \$200,000 = .50$

Step (3):  $\$40,000 \times .50 = \$20,000$

Step (4):  $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

### Example 2 (Adequate Insurance)

When: The value of the property is: \$ 250,000  
 The Coinsurance percentage for it is: 80%  
 The Limit of Insurance for it is: \$ 200,000  
 The Deductible is: \$250  
 The amount of loss is: \$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ( $\$250,000 \times 80\%$ ). Therefore, the Limit of Insurance in this example is adequate, and no penalty applies. We will pay no more than \$39,750 ( $\$40,000$  amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

### Example 3

When: The value of the property is:

Building at Location 1:	\$ 75,000
Building at Location 2:	\$ 100,000
Personal Property at Location 2:	<u>\$ 75,000</u>
	\$ 250,000

The Coinsurance percentage  
for it is: 90%

The Limit of Insurance for  
Buildings and Personal Property  
at Locations 1 and 2 is: \$ 180,000

The Deductible is: \$ 1,000

The amount of loss is:

Building at Location 2: \$ 30,000

Personal Property  
at Location 2: \$ 20,000

\$ 50,000

Step (1):  $\$250,000 \times 90\% = \$225,000$

(the minimum amount of insurance to meet  
your Coinsurance requirements and to  
avoid the penalty shown below)

Step (2):  $\$180,000 \div \$225,000 = .80$

Step (3):  $\$50,000 \times .80 = \$40,000$

Step (4):  $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

## 2. Mortgageholders

- The term mortgageholder includes trustee.
- We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
  - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

## G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

### 1. Agreed Value

- The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
  - (1) On or after the effective date of this Optional Coverage; and
  - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

## 2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
  - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
  - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
  - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

### Example

If: The applicable Limit of Insurance is: \$ 100,000  
 The annual percentage increase is: 8%  
 The number of days since the beginning of the policy year (or last policy change) is: 146  
 The amount of increase is:  
 $\$100,000 \times .08 \times 146 \div 365 = \$ 3,200$

## 3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
  - (1) Personal property of others;
  - (2) Contents of a residence;
  - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or

(4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
  - (1) Until the lost or damaged property is actually repaired or replaced; and
  - (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

  - (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
  - (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
  - (1) The Limit of Insurance applicable to the lost or damaged property;
  - (2) The cost to replace the lost or damaged property with other property:
    - (a) Of comparable material and quality; and
    - (b) Used for the same purpose; or
  - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.



- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

#### **4. Extension Of Replacement Cost To Personal Property Of Others**

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

#### **H. Definitions**

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

## BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

### A. Coverage

#### 1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit Of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- (a) The portion of the building which you rent, lease or occupy;
- (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

#### 2. Extra Expense

- a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.
- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

### **3. Covered Causes Of Loss, Exclusions And Limitations**

See applicable Causes Of Loss form as shown in the Declarations.

### **4. Additional Limitation – Interruption Of Computer Operations**

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
- d. This Additional Limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

## **5. Additional Coverages**

### **a. Civil Authority**

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
  - (2) When your Civil Authority Coverage for Business Income ends;
- whichever is later.



**b. Alterations And New Buildings**

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
  - (a) Used in the construction, alterations or additions; or
  - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

**c. Extended Business Income****(1) Business Income Other Than "Rental Value"**

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
  - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
  - (ii) 60 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

**(2) "Rental Value"**

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
  - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
  - (ii) 60 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

**d. Interruption Of Computer Operations**

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.

- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss. However, we will not provide coverage under this Additional Coverage when the Additional Limitation – Interruption Of Computer Operations does not apply based on Paragraph **A.4.d.** therein.
- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
- (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
  - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, includes Collapse as set forth in that form.
  - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Interruption Of Computer Operations.
  - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage, Interruption Of Computer Operations, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (5) This Additional Coverage, Interruption Of Computer Operations, does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

## 6. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

### Newly Acquired Locations

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location, unless a higher limit is shown in the Declarations.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:

- (1) This policy expires;

(2) 30 days expire after you acquire or begin to construct the property; or

(3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

The Additional Condition, Coinsurance, does not apply to this Extension.

## **B. Limits Of Insurance**

The most we will pay for loss in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

Payments under the following coverages will not increase the applicable Limit of Insurance:

1. Alterations And New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage.

## **C. Loss Conditions**

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

### **1. Appraisal**

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

## **2. Duties In The Event Of Loss**

a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (7) Cooperate with us in the investigation or settlement of the claim.
- (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

**3. Loss Determination**

- a. The amount of Business Income loss will be determined based on:
- (1) The Net Income of the business before the direct physical loss or damage occurred;
  - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
  - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
  - (4) Other relevant sources of information, including:
    - (a) Your financial records and accounting procedures;
    - (b) Bills, invoices and other vouchers; and
    - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:
- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
    - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
    - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
  - (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

**c. Resumption Of Operations**

We will reduce the amount of your:

- (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
  - (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

**4. Loss Payment**

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

**D. Additional Condition****COINSURANCE**

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

1. The Coinsurance percentage shown for Business Income in the Declarations; times
2. The sum of:
  - a. The Net Income (Net Profit or Loss before income taxes), and
  - b. Operating expenses, including payroll expenses,

that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

- Step (1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
- Step (2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and
- Step (3): Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight – outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form **CP 15 11** is attached);
- (11) All payroll expenses or the amount of payroll expense excluded (if Form **CP 15 10** is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

### Example 1 (Underinsurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000  
 The Coinsurance percentage is: 50%  
 The Limit of Insurance is: \$ 150,000  
 The amount of loss is: \$ 80,000

Step (1):  $\$400,000 \times 50\% = \$200,000$   
 (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):  $\$150,000 \div \$200,000 = .75$

Step (3):  $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

### Example 2 (Adequate Insurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000  
 The Coinsurance percentage is: 50%  
 The Limit of Insurance is: \$ 200,000  
 The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ( $\$400,000 \times 50\%$ ). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense Coverage.

### E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

#### 1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.



**b.** The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

- (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
- (2) The Limit Of Insurance shown in the Declarations.

## 2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
  - (1) The Limit of Insurance, multiplied by
  - (2) The fraction shown in the Declarations for this Optional Coverage.

### Example

When: The Limit of Insurance is: \$ 120,000

The fraction shown in the Declarations for this Optional Coverage is:  $\frac{1}{4}$

The most we will pay for loss in each period of 30 consecutive days is: \$ 30,000

$(\$120,000 \times \frac{1}{4} = \$30,000)$

If, in this example, the actual amount of loss is:

Days 1–30: \$ 40,000

Days 31–60: \$ 20,000

Days 61–90: \$ 30,000

\$ 90,000

We will pay:

Days 1–30: \$ 30,000

Days 31–60: \$ 20,000

Days 61–90: \$ 30,000

\$ 80,000

The remaining \$10,000 is not covered.

## 3. Business Income Agreed Value a. To activate this Optional Coverage:

- (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
  - (a) During the 12 months prior to the date of the Work Sheet; and

(b) Estimated for the 12 months immediately following the inception of this Optional Coverage.

(2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:

- (a) The Coinsurance percentage shown in the Declarations; multiplied by
- (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

**b.** The Additional Condition, Coinsurance, is suspended until:

- (1) 12 months after the effective date of this Optional Coverage; or
- (2) The expiration date of this policy; whichever occurs first.

**c.** We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:

- (1) Within 12 months of the effective date of this Optional Coverage; or
- (2) When you request a change in your Business Income Limit of Insurance.

**d.** If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:

- (1) The Business Income Limit of Insurance; divided by
- (2) The Agreed Value.

### Example

When: The Limit of Insurance is: \$ 100,000

The Agreed Value is: \$ 200,000

The amount of loss is: \$ 80,000

Step (1):  $\$100,000 \div \$200,000 = .50$

Step (2):  $.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

## 4. Extended Period Of Indemnity

Under Paragraph A.5.c., **Extended Business Income**, the number 60 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

**F. Definitions**

1. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:

- a. Your business activities occurring at the described premises; and
- b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

3. "Period of restoration" means the period of time that:

- a. Begins:

- (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or

- (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

- b. Ends on the earlier of:

- (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

- (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down, of any property; or

- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

5. "Rental Value" means Business Income that consists of:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

- b. Continuing normal operating expenses incurred in connection with that premises, including:

- (1) Payroll; and

- (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

6. "Suspension" means:

- a. The slowdown or cessation of your business activities; or

- b. That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

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**COMMERCIAL PROPERTY CONDITIONS**

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

**A. CONCEALMENT, MISREPRESENTATION OR FRAUD**

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

**B. CONTROL OF PROPERTY**

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

**C. INSURANCE UNDER TWO OR MORE COVERAGES**

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

**D. LEGAL ACTION AGAINST US**

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

**E. LIBERALIZATION**

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

**F. NO BENEFIT TO BAILEE**

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

**G. OTHER INSURANCE**

1. You may have other insurance subject to the

same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits Of Insurance of all insurance covering on the same basis.

2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

**H. POLICY PERIOD, COVERAGE TERRITORY**

Under this Coverage Part:

1. We cover loss or damage commencing:
  - a. During the policy period shown in the Declarations; and
  - b. Within the coverage territory.
2. The coverage territory is:
  - a. The United States of America (including its territories and possessions);
  - b. Puerto Rico; and
  - c. Canada.

**I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
  - a. Someone insured by this insurance;
  - b. A business firm:
    - (1) Owned or controlled by you; or
    - (2) That owns or controls you; or
  - c. Your tenant.

This will not restrict your insurance.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

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**CHANGES - POLLUTANTS**

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART****A. The changes below apply to the following forms:**

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

CONDOMINIUM ASSOCIATION COVERAGE FORM

CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

BUILDERS' RISK COVERAGE FORM

TOBACCO SALES WAREHOUSES COVERAGE FORM

**1. Under PROPERTY NOT COVERED, the following is added:**

Covered Property does not include water.

**2. The DEBRIS REMOVAL Additional Coverage is replaced by the following:****Debris Removal**

- a.** We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us within 180 days of the earlier of:

- (1)** The date of direct physical loss or damage; or
- (2)** The end of the policy period.

- b.** The most we will pay under this Additional Coverage is 25% of:

- (1)** The amount we pay for the direct loss or damage; plus
- (2)** The deductible in this policy applicable to that loss or damage.

But this limitation does not apply to any additional debris removal limit provided in the Limit Of Insurance section.

- c.** This Additional Coverage does not apply to costs to:

- (1)** Extract "pollutants" from land or water; or
- (2)** Remove, restore or replace polluted land or water.

**3. The following Additional Coverage is added:****Pollutant Clean Up and Removal**

We will pay your expense to extract "pollutants" from land or water at the described premises if the release, discharge

or dispersal of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us within 180 days of the earlier of:

- a.** The date of direct physical loss or damage; or
- b.** The end of the policy period.

The most we will pay for each location under this Additional Coverage is \$10,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy. This limit is in addition to the Limits of Insurance.

**4. Paragraph 2. of the LIMITS OF INSURANCE Section is replaced by the following:****2. Debris Removal; but if:**

- a.** The sum of loss or damage and debris removal expense exceeds the Limit of Insurance; or
- b.** The debris removal expense exceeds the amount payable under the 25% Debris Removal coverage limitation in paragraph 2.b. above;

we will pay up to an additional \$5,000 for each location in any one occurrence under the Debris Removal Additional Coverage.

**5. The following DEFINITION is added.**

**"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**B. The PERIOD OF RESTORATION definition is revised to include the following in the:**

BUSINESS INCOME COVERAGE FORM

EXTRA EXPENSE COVERAGE FORM

BUSINESS INCOME FROM DEPENDENT PROPERTIES - BROAD FORM

BUSINESS INCOME FROM DEPENDENT PROPERTIES - LIMITED FORM

EXTRA EXPENSE FROM DEPENDENT PROPERTIES FORM

"Period of restoration" does not include any increased period required due to the enforcement

of any law that:

- (1) Regulates the construction, use or repair or requires the tearing down of any property; or
- (2) Regulates the prevention, control, repair, cleanup or restoration of environmental damage.

C. The CAUSES OF LOSS - SPECIAL FORM is revised as follows:

1. The exclusion of, "Release, discharge or dispersal of contaminants or pollutants" in paragraph **B.2.(4)** is deleted.

2. The following Exclusion is added:

We will not pay for loss or damage caused by or resulting from the release, discharge or dispersal of "pollutants" unless the release, discharge or dispersal is itself caused by any of the "specified causes of loss." But if loss or damage by the "specified causes of loss" results, we will pay for the resulting damage caused by the "specified cause of loss."

## CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G**. Definitions.

### A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

### B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

#### a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

#### b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

With respect to coverage for Volcanic Action as set forth in **(5)(a)**, **(5)(b)** and **(5)(c)**, all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5)**, is caused by an act of nature or is otherwise caused.

**c. Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

**d. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

**e. Utility Services**

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

**f. War And Military Action**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**g. Water**

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

**h. "Fungus", Wet Rot, Dry Rot And Bacteria**

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

- 2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d.(1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;

- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

- (7) The following causes of loss to personal property:

- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature; or
- (c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
  - (1) You do your best to maintain heat in the building or structure; or



(2) You drain the equipment and shut off the supply if the heat is not maintained.

- h. Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
  - (2) Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.
- k. Collapse, including any of the following conditions of property or any part of the property:
- (1) An abrupt falling down or caving in;
  - (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
  - (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **k.**, does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage, Collapse; or

(b) To collapse caused by one or more of the following:

- (i) The "specified causes of loss";
- (ii) Breakage of building glass;
- (iii) Weight of rain that collects on a roof; or
- (iv) Weight of people or personal property.

- I. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **I.**, does not apply to damage to glass caused by chemicals applied to the glass.

- m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
3. We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.
  - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
  - c. Faulty, inadequate or defective:
    - (1) Planning, zoning, development, surveying, siting;
    - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
    - (3) Materials used in repair, construction, renovation or remodeling; or
    - (4) Maintenance;
 of part or all of any property on or off the described premises.

#### 4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

##### a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:
  - (a) Damage or destruction of "finished stock"; or
  - (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
  - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
  - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

- (5) Any other consequential loss.

##### b. Leasehold Interest Coverage Form

- (1) Paragraph **B.1.a.**, Ordinance Or Law, does not apply to insurance under this Coverage Form.
- (2) We will not pay for any loss caused by:
  - (a) Your cancelling the lease;
  - (b) The suspension, lapse or cancellation of any license; or
  - (c) Any other consequential loss.

##### c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:
  - (a) Paragraph **B.1.a.** Ordinance Or Law;
  - (b) Paragraph **B.1.c.** Governmental Action;
  - (c) Paragraph **B.1.d.** Nuclear Hazard;
  - (d) Paragraph **B.1.e.** Utility Services; and
  - (e) Paragraph **B.1.f.** War And Military Action.
- (2) The following additional exclusions apply to insurance under this Coverage Form:

##### (a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

##### (b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

**5. Additional Exclusion**

The following provisions apply only to the specified property:

**Loss Or Damage To Products**

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

**C. Limitations**

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
  - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
  - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
  - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
    - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
    - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.
 

However, this limitation does not apply to:

  - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
  - (2) Business Income Coverage or Extra Expense Coverage.
- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
- f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
- g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
  - (1) Dampness or dryness of atmosphere or of soil supporting the vegetation;
  - (2) Changes in or extremes of temperature;
  - (3) Disease;
  - (4) Frost or hail; or
  - (5) Rain, snow, ice or sleet.
2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
  - a. Animals, and then only if they are killed or their destruction is made necessary.
  - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
    - (1) Glass; or
    - (2) Containers of property held for sale.
  - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.
 

However, this limitation does not apply:

    - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
    - (2) To Business Income Coverage or to Extra Expense Coverage.



3. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):

- a.** \$2,500 for furs, fur garments and garments trimmed with fur.
- b.** \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c.** \$2,500 for patterns, dies, molds and forms.
- d.** \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.**, does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:

- a.** Results in discharge of any substance from an automatic fire protection system; or
- b.** Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

#### **D. Additional Coverage – Collapse**

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

- a.** Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- b.** Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- c.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
- d.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
  - (1) A cause of loss listed in **2.a.** or **2.b.**;
  - (2) One or more of the "specified causes of loss";
  - (3) Breakage of building glass;
  - (4) Weight of people or personal property; or
  - (5) Weight of rain that collects on a roof.

3. This **Additional Coverage – Collapse** does not apply to:

- a.** A building or any part of a building that is in danger of falling down or caving in;
- b.** A part of a building that is standing, even if it has separated from another part of the building; or
- c.** A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a.** Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

- b. Awnings, gutters and downspouts;
  - c. Yard fixtures;
  - d. Outdoor swimming pools;
  - e. Fences;
  - f. Piers, wharves and docks;
  - g. Beach or diving platforms or appurtenances;
  - h. Retaining walls; and
  - i. Walks, roadways and other paved surfaces;
- if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

(1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and

(2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;
  - b. The personal property which collapses is inside a building; and
  - c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in **D.1.** through **D.7.**

#### **E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria**

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- a. A "specified cause of loss" other than fire or lightning; or
- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
  - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
  - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
3. The coverage described under **E.2.** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.
6. The following, **6.a.** or **6.b.**, applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:
- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
  - b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

## **F. Additional Coverage Extensions**

### **1. Property In Transit**

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
  - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
  - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
  - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

### **2. Water Damage, Other Liquids, Powder Or Molten Material Damage**

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

### **3. Glass**

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension **F.3.** does not increase the Limit of Insurance.

#### **G. Definitions**

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
  - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
    - (1) The cost of filling sinkholes; or
    - (2) Sinking or collapse of land into man-made underground cavities.
  - b. Falling objects does not include loss or damage to:
    - (1) Personal property in the open; or
    - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

- c. Water damage means:

- (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

COMMERCIAL PROPERTY  
CP 10 35 06 95

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **WATERCRAFT EXCLUSION**

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – SPECIAL FORM

The following is added to the EXCLUSIONS section:

We will not pay for loss or damage to the following property caused by or resulting from watercraft:

- A. Retaining walls that are not part of a building;
- B. Bulkheads; or
- C. Pilings, piers, wharves or docks.

POLICY NUMBER: ARP-74910-20

COMMERCIAL PROPERTY  
CP 10 54 06 07**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****WINDSTORM OR HAIL EXCLUSION****Coverage** This endorsement modifies insurance provided under the following:CAUSES OF LOSS – BASIC FORM  
CAUSES OF LOSS – BROAD FORM  
CAUSES OF LOSS – SPECIAL FORM  
STANDARD PROPERTY POLICY**SCHEDULE**

Premises Number	Building Number
1	1
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

With respect to the location(s) indicated in the Schedule, the following provisions apply.

- A.** The following is added to the **Exclusions** section and is therefore **not** a Covered Cause of Loss:

**WINDSTORM OR HAIL**

We will not pay for loss or damage:

1. Caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage; or
2. Caused by rain, snow, sand or dust, whether driven by wind or not, if that loss or damage would not have occurred but for the Windstorm or Hail.

But if Windstorm or Hail results in a cause of loss other than rain, snow, sand or dust, and that resulting cause of loss is a Covered Cause of Loss, we will pay for the loss or damage caused by such Covered Cause of Loss. For example, if the Windstorm or Hail damages a heating system and fire results, the loss or damage attributable to the fire is covered subject to any other applicable policy provisions.

- B.** The terms of the Windstorm Or Hail exclusion, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this policy.
- C.** Under **Additional Coverage – Collapse**, in the Causes Of Loss – Broad Form, Windstorm or Hail is deleted from Paragraph **2.a**.
- D.** In the Causes Of Loss – Special Form, Windstorm or Hail is deleted from the "specified causes of loss".
- E.** Under **Additional Coverage Extensions – Property In Transit**, in the Causes Of Loss – Special Form, Windstorm or Hail is deleted from Paragraph **b.(1)**.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

CP 12 60 10 91

**LOSS ADJUSTMENT ENDORSEMENT - COMMERCIAL  
PROPERTY COVERAGE**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
BUSINESS INCOME COVERAGE FORM (AND EXTRA EXPENSE)  
BUSINESS INCOME COVERAGE FORM (WITHOUT EXTRA EXPENSE)  
EXTRA EXPENSE COVERAGE FORM  
TOBACCO SALES WAREHOUSES COVERAGE FORM  
STANDARD PROPERTY POLICY

- A.** This endorsement is intended to facilitate payment of insurance proceeds in the event of loss or damage to Covered Property from a loss that is covered by:
1. This Commercial Property coverage; and
  2. Boiler and Machinery insurance; and
- there is a disagreement between the insuring companies as to the amount of the loss to be paid by each company.
- B.** The provisions of item **C.** of this endorsement apply only if all of the following requirements are met:
1. The Boiler and Machinery insurance carried by the named insured, insuring the Covered Property, contains a provision with substantially the same requirements, procedures and conditions as contained in this endorsement.
  2. The damage to the Covered Property was caused by a loss for which both we and the Boiler and Machinery insuring company(s) admit to some liability for payment under the respective policies.
  3. The total amount of the loss is agreed to by you, us and the Boiler and Machinery insuring company(s).
  4. We and the Boiler and Machinery insuring company(s) disagree as to the amount of loss that each of us should pay that is attributable to:
    - a. A cause of loss covered under this Commercial Property coverage; and
    - b. An "accident" covered under the Boiler and Machinery insurance.
- C.** If the requirements listed in **B.** above are satisfied, we and the Boiler and Machinery insuring company(s) will make payments to the extent, and in the manner, described in the following:
1. We will pay, after your written request, the entire amount of loss that we have agreed as being covered by this Commercial Property coverage and one-half (1/2) the amount of loss that is in disagreement.
  2. The Boiler and Machinery insuring company(s) will pay, after your written request, the entire amount of loss that they have agreed as being covered by the Boiler and Machinery insurance and one-half (1/2) the amount of loss that is in disagreement.
  3. The amount in disagreement to be paid by us under this endorsement shall not exceed the amount payable under the equivalent Loss Adjustment Endorsement(s) of the Boiler and Machinery insuring company(s).
  4. The amount to be paid under this endorsement shall not exceed the amount we would have paid had no Boiler and Machinery insurance been in effect at the time of loss.
  5. Acceptance by you of sums paid under this endorsement does not alter, waive or surrender any other rights against us.
  6. **ADDITIONAL CONDITIONS**
    - a. We and the Boiler and Machinery insuring company(s) agree to submit our differences to arbitration within 90 days after loss payment made under the terms of this endorsement.
    - b. You agree to cooperate with any arbitration procedures. There will be three arbitrators: one will be appointed by us, and another will be appointed by us, and another will be appointed by the Boiler and Machinery insuring company(s). The two arbitrators will select a third arbitrator. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. A decision agreed to by two of the three arbitrators will be binding on both parties. Judgment on any award can be entered in any court that has jurisdiction.



POLICY NUMBER: ARP-74910-20

COMMERCIAL PROPERTY  
CP 14 40 06 07**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**  
**OUTDOOR SIGNS**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM  
STANDARD PROPERTY POLICY**SCHEDULE**

<b>Premises Number:</b>	1	<b>Building Number:</b>	2
<b>Description Of Sign:</b>  <b>Construction Of Sign:</b> <input type="checkbox"/> Entirely Metal <input type="checkbox"/> Other  <b>Limit Of Insurance:</b> \$ 18,000 - ACV  <b>Coinsurance Percentage:</b> 90 %  <b>Additional Premium:</b> \$ Included			
<b>Premises Number:</b>		<b>Building Number:</b>	
<b>Description Of Sign:</b>  <b>Construction Of Sign:</b> <input type="checkbox"/> Entirely Metal <input type="checkbox"/> Other  <b>Limit Of Insurance:</b> \$  <b>Coinsurance Percentage:</b> %  <b>Additional Premium:</b> \$ Included			

<b>Premises Number:</b>		<b>Building Number:</b>	
<b>Description Of Sign:</b>			
<b>Construction Of Sign:</b>	<input type="checkbox"/> Entirely Metal	<input type="checkbox"/> Other	
<b>Limit Of Insurance:</b>	\$		
<b>Coinsurance Percentage:</b>	%		
<b>Additional Premium:</b>	\$		
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.			

With respect to the outdoor signs described in the Schedule, the provision in the Limits Of Insurance section which pertains to signs does not apply. The limit applicable to each sign is shown in the Schedule. The limit applicable to each sign is the most we will pay for loss or damage to the sign in any one occurrence.

**PROTECTIVE SAFEGUARDS**

*FAILURE TO COMPLY WITH THE PROTECTIVE SAFEGUARD CLAUSES SPECIFIED AS APPLICABLE IN THE SCHEDULE BELOW SHALL SUSPEND THIS INSURANCE.*

**PROTECTIVE SAFEGUARD CLAUSE(S)**

In consideration of the premium at which this policy is written, based on the protection of the premises by the protective safeguard system or systems indicated below, it is a condition of this policy that the insured shall exercise due diligence in maintaining in complete working order all equipment and services pertaining to the system which are under the control of the insured, including any special maintenance or service requirements indicated below. It is also a condition of this insurance that the insured shall give immediate notice to your insurance agent of any impairment in or suspension of any equipment or service pertaining the the system within the knowledge of the insured.

- A.** ☐ **Automatic Sprinkler System.**  
In further consideration of the premium at which this policy is written, it is a condition of this policy that the insured shall have the automatic sprinkler system serviced by an independent contractor licensed to service and maintain automatic sprinkler systems in the state in which the premises are located. It is also a condition of this policy that the insured shall have the automatic sprinkler system inspected and tested at least once per year by an independent contractor licensed to inspect and test automatic sprinkler systems in the state in which the premises are located.
- B.** ☐ **Automatic Fire Alarm,** reporting to a public or private fire alarm station.
- C.i.** ☐ **Automatic Burglar Alarm,** reporting to a public or private fire alarm station.
- C.i.i.** ☐ **Certified UL (Underwriters Laboratory) approved central station alarm** covering all openings in the insured's premises; with motion detectors, covering all Contents/Business Personal Property covered for burglary.
- D.** ☒ **Automatic Extinguishing System and Hood and Duct Cleaning.**  
It is a condition of this insurance that all ranges, deep-fat fryers, broilers and other cooking appliances, including their hoods, are protected by an approved, automatic fire extinguishing system, and insofar as such protective equipment is under the control of the insured, due diligence shall be used to maintain such system in complete working order.  
All automatic extinguishing systems and hoods and duct work shall be cleaned and inspected by an outside cleaning service no less than twice a year.  
It is a condition of this insurance shall all hoods and ducts are equipped with approved grease filters which shall be routinely cleaned.
- E.** ☐ **24-Hour Professional on Premises Guard Service.**
- F.** ☐

All other terms and conditions remain unchanged.

This endorsement to take effect on 06/01/2019

Attaching to and forming part of Certificate No. ARP-74910-20

Underwriters at Lloyd's, London, England

Issued to: GIO Pizzeria & Bar Hospitality, LLC dba  
Nick's New Haven Style Pizzeria & Bar

**ADVANCED E & S OF FLORIDA**

**POLICY NUMBER:** ARP-74910-20

**COMMERCIAL PROPERTY**

## **EXISTING DAMAGE EXCLUSION ENDORSEMENT**

It is understood and agreed that this policy is not intended to and does not provide coverage for any damages which occurred prior to policy inception regardless of whether such damages were apparent at the time of the inception of this policy or occurring at a later date.

It is also understood and agreed that this policy is not intended to and does not provide coverage for any claims or damages arising out of workmanship, repairs and / or lack of repairs arising from damage which occurred prior to policy inception.

It is further understood and agreed that this policy does not provide coverage for any stated amount until and unless all structures covered by your previous policy have been fully and completely repaired. Prior to such completion of repairs, coverage will be limited to the greater of: (1) the actual cash value of the property at the time of a covered loss occurring during this policy period; or (2) the cost of repairing the property to a state at which it existed at the time of a covered loss, provided that such repairs have been made.

This endorsement applies to all coverages under this policy.

**EDE**

# CRIME GENERAL PROVISIONS

## LOSS SUSTAINED FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Words and phrases in quotation marks are defined in the policy.

Unless stated otherwise in any Crime Coverage Form, Declarations or endorsement, the following General Exclusions, General Conditions and General Definitions apply to all Crime Coverage Forms forming part of this policy.

### A. General Exclusions

We will not pay for loss as specified below:

#### 1. Acts Committed By You Or Your Partners

Loss resulting from any dishonest or criminal act committed by you or any of your partners whether acting alone or in collusion with other persons.

#### 2. Governmental Action

Loss resulting from seizure or destruction of property by order of governmental authority.

#### 3. Indirect Loss

Loss that is an indirect result of any act or "occurrence" covered by this insurance including, but not limited to, loss resulting from:

- a. Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, Covered Property.
- b. Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance.
- c. Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

#### 4. Legal Expenses

Expenses related to any legal action.

#### 5. Nuclear

Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.

#### 6. War And Similar Actions

Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

### B. General Conditions

#### 1. Concealment, Misrepresentation Or Fraud

This insurance is void in any case of fraud by you as it relates to this insurance at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

- a. This insurance;
- b. The Covered Property;
- c. Your interest in the Covered Property; or
- d. A claim under this insurance.

#### 2. Consolidation – Merger

If through consolidation or merger with, or purchase or acquisition of assets or liabilities of, some other entity:

- a. Any additional persons become "employees"; or
- b. You acquire the use and control of any additional "premises";

any insurance afforded for "employees" or "premises" also applies to those additional "employees" and "premises", for a period of 60 days after the effective date of such consolidation, merger, or purchase or acquisition of assets or liabilities.

You must give us written notice within this 60 day period and obtain our written consent to extend this insurance to such additional "employees" or "premises". Upon obtaining our written consent, you must pay us an additional premium.

If you fail to notify us in writing within this 60 day period, then this insurance shall automatically terminate as to such additional "employees" or "premises".

**3. Coverage Extensions**

Unless stated otherwise in the Coverage Form, our liability under any Coverage Extension is part of, not in addition to, the Limit Of Insurance applying to the Coverage or Coverage Section.

**4. Duties In The Event Of Loss**

After you discover a loss or a situation that may result in loss of, or loss from damage to, Covered Property you must:

- a. Notify us as soon as possible.
- b. Submit to examination under oath at our request and give us a signed statement of your answers.
- c. Give us a detailed, sworn proof of loss within 120 days.
- d. Cooperate with us in the investigation and settlement of any claim.

**5. Extended Period To Discover Loss**

We will pay only for covered loss discovered no later than one year from the end of the policy period.

**6. Joint Insured**

- a. If more than one Insured is named in the Declarations, the first named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first named Insured ceases to be covered, then the next named Insured will become the first named Insured.
- b. If any Insured or partner or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
- c. An "employee" of any Insured is considered to be an "employee" of every Insured.
- d. If this insurance or any of its coverages is cancelled or terminated as to any Insured, loss sustained by that Insured is covered only if discovered no later than one year from the date of that cancellation or termination.
- e. We will not pay more for loss sustained by more than one Insured than the amount we would pay if all the loss had been sustained by one Insured.

**7. Legal Action Against Us**

You may not bring any legal action against us involving loss:

- a. Unless you have complied with all the terms of this insurance; and

- b. Until 90 days after you have filed proof of loss with us; and
- c. Unless brought within 2 years from the date you discover the loss.

**8. Liberalization**

If we adopt any revision that would broaden the coverage under this insurance without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this insurance.

**9. Loss Covered Under More Than One Coverage Of This Insurance**

If two or more coverages of this insurance apply to the same loss, we will pay the lesser of:

- a. The actual amount of loss; or
- b. The sum of the limits of insurance applicable to those coverages.

**10. Loss Sustained During Prior Insurance**

- a. If you, or any predecessor in interest, sustained loss during the period of any prior insurance that you or the predecessor in interest could have recovered under that insurance except that the time within which to discover loss had expired, we will pay for it under this insurance, provided:
  - (1) This insurance became effective at the time of cancellation or termination of the prior insurance; and
  - (2) The loss would have been covered by this insurance had it been in effect when the acts or events causing the loss were committed or occurred.
- b. The insurance under this Condition is part of, not in addition to, the Limits Of Insurance applying to this insurance and is limited to the lesser of the amount recoverable under:
  - (1) This insurance as of its effective date; or
  - (2) The prior insurance had it remained in effect.

**11. Loss Covered Under This Insurance And Prior Insurance Issued By Us Or Any Affiliate**

If any loss is covered:

- a. Partly by this insurance; and
- b. Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit Of Insurance cumulates from year to year or period to period.

## **12. Other Insurance**

This insurance does not apply to loss recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this insurance will apply to that part of the loss, other than that falling within any deductible amount, not recoverable or recovered under the other insurance or indemnity. However, this insurance will not apply to the amount of loss that is more than the applicable Limit Of Insurance shown in the Declarations.

## **13. Ownership Of Property; Interests Covered**

The property covered under this insurance is limited to property:

- a. That you own or hold; or
- b. For which you are legally liable.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization.

## **14. Policy Period**

- a. The Policy Period is shown in the Declarations.
- b. Subject to the Loss Sustained During Prior Insurance condition, we will pay only for loss that you sustain through acts committed or events occurring during the Policy Period.

## **15. Records**

You must keep records of all Covered Property so we can verify the amount of any loss.

## **16. Recoveries**

- a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:
  - (1) To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;
  - (2) Then to us, until we are reimbursed for the settlement made;
  - (3) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.

b. Recoveries do not include any recovery:

- (1) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
- (2) Of original "securities" after duplicates of them have been issued.

## **17. Territory**

This insurance covers only acts committed or events occurring within the United States of America, U. S. Virgin Islands, Puerto Rico, Canal Zone, or Canada.

## **18. Transfer Of Your Rights Of Recovery Against Others To Us**

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

## **19. Valuation – Settlement**

a. Subject to the applicable Limit Of Insurance provision we will pay for:

- (1) Loss of "money" but only up to and including its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America:

- (a) At face value in the "money" issued by that country; or
- (b) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.

- (2) Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:

- (a) Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or

- (b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

- (i) Value of the "securities" at the close of business on the day the loss was discovered; or
- (ii) Limit Of Insurance.



- (3) Loss of, or loss from damage to, "property other than money and securities" or loss from damage to the "premises" for not more than the:

- (a) Actual cash value of the property on the day the loss was discovered;
- (b) Cost of repairing the property or "premises"; or
- (c) Cost of replacing the property with property of like kind and quality.

We may, at our option, pay the actual cash value of the property or repair or replace it.

If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.

- b. We may, at our option, pay for loss of, or loss from damage to, property other than "money":

- (1) In the "money" of the country in which the loss occurred; or
- (2) In the United States of America dollar equivalent of the "money" of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.

- c. Any property that we pay for or replace becomes our property.

### **C. General Definitions**

#### **1. "Employee" means:**

- a. Any natural person:

- (1) While in your service (and for 30 days after termination of service); and
- (2) Whom you compensate directly by salary, wages or commissions; and
- (3) Whom you have the right to direct and control while performing services for you; or

- b. Any natural person who is furnished to you to:

- (1) Substitute for a permanent "employee" on leave; or

- (2) Meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises".

But "employee" does not mean any:

- (1) Agent, broker, person leased to you by a labor leasing firm, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
- (2) Director or trustee except while performing acts coming within the scope of the usual duties of an employee.

#### **2. "Money" means:**

- a. Currency, coins and bank notes in current use and having a face value; and
- b. Travelers checks, register checks and money orders held for sale to the public.

3. "Property Other Than Money And Securities" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property listed in any Crime Coverage Form as Property Not Covered.

4. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

# EMPLOYEE DISHONESTY COVERAGE FORM

## (Coverage Form A - Blanket)

### A. COVERAGE

We will pay for loss of and loss from damage to Covered Property resulting directly from the Covered Cause of Loss

1. Covered Property: "Money", "security", and "property other than money and securities"
2. Covered Cause of loss: "Employee dishonesty".
3. Coverage Extension

Employees Temporarily Outside Coverage Territory:  
We will pay for loss caused by any "employee" while temporarily outside the territory specified in the Territory General Condition for a period not more than 90 days.

### B. LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the DECLARATIONS.

### C. DEDUCTIBLE

1. We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the DECLARATIONS. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.
2. You must:
  - a. Give us a notice as soon as possible of any loss of the type insured under this Coverage Form even though it falls entirely within the Deductible Amount.
  - b. Upon our request, give us a statement describing the loss.

### D. ADDITIONAL EXCLUSION, CONDITIONS AND DEFINITIONS:

In addition to the provisions in the Crime General Provisions, this Coverage Form is subject to the following:

1. Additional Exclusions: We will not pay for loss as specified below:
  - a. Employee Cancelled Under Prior Insurance: loss caused by any "employee" of yours, or predecessor in interest of yours, for whom similar prior insurance has been cancelled and not reinstated since the last such cancellation.
  - b. Inventory Shortages: loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:
    - (1) An inventory computation; or
    - (2) A profit and loss computation.

2. Additional Conditions Cancellation as to any Employee: This insurance is cancelled as to any "employee":

- a. Immediately upon discovery by:
  - (1) You or
  - (2) Any of your partners, officers or directors not in collusion with the "employee"; of any dishonesty act committed by that "employee" whether before or after becoming employed by you.
- b. On the date specified in a notice mailed to you. That date will be at least 30 days after the date of mailing.  
The mailing of notice to you at the last mailing address known to us will be sufficient proof of notice. Delivery of notice is the same as mailing.

3. Additional Definitions:

- a. "Employee Dishonesty" in paragraph A.2. means only dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons, except you or a partner, with the manifest intent to:
  - (1) Cause you to sustain loss; and also
  - (2) Obtain financial benefit (other than employee benefits earned in the normal course of employment, including: salaries, commissions, fees, bonuses, promotions, awards, profit sharing or pensions) for:
    - (a) The "employee"; or
    - (b) Any person or organization intended by the "employee" to receive that benefit.
- b. "Occurrence" means all loss caused by, or involving, one or more "employees", whether the result of a single act or series of acts.

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**ROBBERY AND SAFE BURGLARY COVERAGE FORM - MONEY & SECURITIES**  
(Coverage Form Q)

**A. COVERAGE** - We will pay for loss of, any loss from damage to, Coverage Property resulting directly from the Covered Cause of Loss.

**1. Section 1. - Inside The Premises****a. Robbery Of A Custodian**

(1) **Covered Property:** "Money" and "securities" inside the "premises" in the care and custody of a "custodian".

(2) **Covered Causes of Loss:** Actual or attempted "robbery".

**(3) Coverage Extension**

**Premises Damage:** We will pay for loss from damage to the "premises" or its exterior resulting directly from the Covered Cause of Loss if you are the owner of the "premises" or are liable for damage to it.

**b. Safe Burglary**

(1) **Covered Property:** "Money and "securities" in a safe or vault within the "premises" or "banking premises".

(2) **Covered Causes of Loss:** Actual or attempted "safe burglary".

**(3) Coverage Extension**

**Premises, Safe and Vault Damage:**

We will pay for loss from damage to:

(a) The "premises" or its exterior; or

(b) A locked safe or vault located inside the "premises";

resulting directly from the Covered Causes of Loss, if you are the owner of the property or are liable for damage to it.

**2. Section 2. - Outside The Premises**

(1) **Covered Property:** "Money" and "securities" outside the "premises" in the care and custody of the "messenger".

(2) **Covered Causes of Loss:** Actual or attempted "robbery".

**(3) Coverage Extension**

**Conveyance Of Property By Armored Motor Vehicle Company:** We will pay for loss of Covered Property resulting directly from the Covered Causes of Loss while outside the "premises" in the care and custody of an armored motor vehicle company.

But, we will pay only the amount of loss that you cannot recover:

(a) Under your contract with the armored motor vehicle company; and

(b) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

**B. LIMIT OF INSURANCE**

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the DECLARATIONS.

**C. DEDUCTIBLE**

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the DECLARATIONS. We will then pay for the amount of loss in excess of the Deductible Amount up to the Limit of Insurance. In the event more than one Deductible Amount could apply to the loss, only the highest Deductible Amount may be applied.

**D. ADDITIONAL EXCLUSIONS, CONDITION AND DEFINITIONS**

In addition to the provisions in the Crime General Provisions, this Coverage form is subject to the following:

**1. Additional Exclusions:** We will not pay for loss as specified below:

**a. Acts of Employees, Directors, Trustees or Representatives:** Loss resulting from any dishonest or criminal act committed by any of your "employees", directors, trustees or authorized representatives:

(1) Acting alone or in collusion with other persons; or

(2) While performing services for you or otherwise.

**b. Fire:** Loss resulting from fire, however caused, except loss:

(over)

- (1) Of "money" or "securities"; or
- (2) From damage to a safe or vault from fire that is incidental to a Covered Cause of Loss.

**c. Transfer or Surrender of Property**

- (1) Loss of, or loss from damage to, property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises":
  - (a) On the basis of unauthorized instructions; or
  - (b) As a result of a threat to do:
    - i. Bodily harm to any person; or
    - ii. Damage to any property.
- (2) But this exclusion does not apply under COVERAGE, Section 2. to loss of Covered Property while outside the "premises" or "banking premises" in the care and custody of a "messenger" if you:
  - i. Had no knowledge of any threat at the time the conveyance began; or
  - ii. Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

- d. Vandalism:** Loss from damage to any property by vandalism or malicious mischief.

**2. Additional Condition**

**Duties in the Event of Loss or Damage:** If you have reason to believe that any loss of, or loss from damage to, Covered Property involves a violation of law, you must notify the police.

**3. Additional Definitions**

- a. "Banking Premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.
- b. "Custodian" means you, any of your partners or any "employee" while having care and custody of the property inside the "premises", excluding any person while acting as a "watchperson" or janitor.

- c. "Messenger" means you, any of your partners or any "employee" while having care and custody of the property outside the "premises".
- d. "Occurrence" means an:
  - (1) Act or series of related acts involving one or more persons; or
  - (2) Act or event, or a series of related acts or events not involving any person.
- e. "Premises" means the interior of that portion of any building you occupy in conducting your business.
- f. "Robbery" means the taking of property from the care and custody of a person by one who has:
  - (1) Caused or threatened to cause that person bodily harm; or
  - (2) Committed an obviously unlawful act witnessed by that person.
- g. "Safe burglary" means the taking of:
  - (1) Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or
  - (2) A safe or vault from inside the "premises".
- h. "Watchperson" means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.

## Data Compromise Supplemental Declarations

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Named Insured: Nick's New Haven Style Pizzeria & Bar  
GIO Pizzeria & Bar Hospitality, LLC dba

Policy Number ..... ARP-74910-20

Identification Number.....

Effective Date..... 06/01/2019

Issue Date ..... 06/11/2019

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### Coverages

### Limits

#### SECTION 1 – RESPONSE EXPENSES

##### Data Compromise

##### Response Expenses Limit:

\$ 50,000  
Annual Aggregate

##### Sublimits

##### Named Malware (Sec. 1)

\$ 5,000

##### Forensic IT Review:

\$ 5,000

##### Legal Review:

\$ 5,000

##### PR Services:

\$ 5,000

Any one "Personal Data Compromise"

#### SECTION 2 – DEFENSE AND LIABILITY

##### Data Compromise

##### Defense & Liability Limit:

\$ 50,000  
Annual Aggregate

##### Sublimits

##### Named Malware (Sec. 2)

\$50,000

Any one "Personal Data Compromise"

### Deductibles

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##### Response Expenses Deductible:

\$ 2,500

Any one "Personal Data Compromise"

##### Defense and Liability Deductible:

\$ 2,500

Each "Data Compromise Suit"

# DATA COMPROMISE COVERAGE FORM

## RESPONSE EXPENSES AND DEFENSE AND LIABILITY

Throughout this Coverage Form (hereinafter referred to as "Data Compromise Coverage"), the words "you" and "your" refer to the Named Insured(s) indicated for this Data Compromise Coverage and any other person(s) or organization(s) qualifying as a Named Insured under this Data Compromise Coverage. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in "quotations" have special meaning. Refer to DEFINITIONS.

The terms and conditions of the Cancellation Clause of the Common Policy Conditions and any amendment to such terms incorporated by endorsement are hereby incorporated herein and shall apply to coverage as is afforded by this Data Compromise Coverage, unless specifically stated otherwise in an endorsement(s) attached hereto.

### SECTION 1 – RESPONSE EXPENSES

#### DATA COMPROMISE COVERED CAUSE OF LOSS

Coverage under this Data Compromise Coverage Form applies only if all of the following conditions are met:

1. There has been a "personal data compromise"; and

Such "personal data compromise" is first discovered by you during the policy period for which this Data Compromise Coverage Form is applicable; and

2. Such "personal data compromise" is reported to us within 60 days after the date it is first discovered by you. **COVERAGE – SECTION 1**

If the three conditions listed above in DATA COMPROMISE COVERED CAUSE OF LOSS have been met, then we will provide coverage for the following expenses when they arise directly from the covered cause of loss and are necessary and reasonable. Coverages 4 and 5 apply only if there has been a notification of the "personal data compromise" to "affected individuals" as covered under coverage 3.

#### 1. Forensic IT Review

Professional information technologies review if needed to determine, within the constraints of what is possible and reasonable, the nature and extent of the "personal data compromise" and the number and identities of the "affected individuals".

This does not include costs to analyze, research or determine any of the following:

- a. Vulnerabilities in systems, procedures or physical security;
- b. Compliance with PCI or other industry security standards; or

The nature or extent of loss or damage to data that is not "personally identifying information" or "personally sensitive information".

If there is reasonable cause to suspect that a covered "personal data compromise" may have occurred, we will pay for costs covered under Forensic IT Review, even if it is eventually determined that there was no covered "personal data compromise". However, once it is determined that there was no covered "personal data compromise", we will not pay for any further costs.

#### 2. Legal Review

Professional legal counsel review of the "personal data compromise" and how you should best respond to it.

If there is reasonable cause to suspect that a covered "personal data compromise" may have occurred, we will pay for costs covered under Legal Review, even if it is eventually determined that there was no covered "personal data compromise". However, once it is determined that there was no covered "personal data compromise", we will not pay for any further costs.

#### 3. Notification to Affected Individuals

We will pay your necessary and reasonable costs to provide notification of the "personal data compromise" to "affected individuals".

#### 4. Services to Affected Individuals



We will pay your necessary and reasonable costs to provide the following services to “affected individuals”.

- a. The following services apply to any “personal data compromise”.
  - 1) Informational Materials  
A packet of loss prevention and customer support information.
  - 1) Help Line  
A toll-free telephone line for “affected individuals” with questions about the “personal data compromise”. Where applicable, the line can also be used to request additional services as listed in b. 1) and 2).
- b. The following additional services apply to “personal data compromise” events involving “personally identifying information”.
  - 1) Credit Report and Monitoring  
A credit report and an electronic service automatically monitoring for activities affecting an individual’s credit records. This service is subject to the “affected individual” enrolling for this service with the designated service provider.
  - 1) Identity Restoration Case Management  
As respects any “affected individual” who is or appears to be a victim of “identity theft” that may reasonably have arisen from the “personal data compromise”, the services of an identity restoration professional who will assist that “affected individual” through the process of correcting credit and other records and, within the constraints of what is possible and reasonable, restoring control over his or her personal identity.

## 5. PR Services

Professional public relations firm review of and response to the potential impact of the “personal data compromise” on your business relationships.

This includes costs to implement public relations recommendations of such firm. This may include advertising and special promotions designed to retain your relationship with “affected individuals”. However, we will not pay for promotions:

- a. Provided to any of your directors or employees; or;
- b. Costing more than \$25 per “affected individual”.

## LIMITS – SECTION 1

The most we will pay under Response Expenses coverage is the Data Compromise Response Expenses Limit indicated for this Coverage Form.

The Data Compromise Response Expenses Limit is an annual aggregate limit. This amount is the most we will pay for the total of all loss covered under Section 1 arising out of all “personal data compromise” events which are first discovered by you during the present annual policy period. This limit applies regardless of the number of “personal data compromise” events discovered by you during that period.

A “personal data compromise” may be first discovered by you in one policy period but cause covered costs in one or more subsequent policy periods. If so, all covered costs arising from such “personal data compromise” will be subject to the Data Compromise Response Expenses Limit applicable to the policy period when the “personal data compromise” was first discovered by you.

The most we will pay under Response Expenses coverage for loss arising from any “malware-related compromise” is the Named Malware (Sec. 1) sublimit indicated for this Coverage Form. For the purpose of the Named Malware (Sec. 1) sublimit, all “malware-related compromises” that are caused, enabled or abetted by the same virus or other malicious code are considered to be a single “personal data compromise”. This sublimit is part of, and not in addition to the Data Compromise Response Expenses Limit.

The most we will pay under Forensic IT Review, Legal Review and PR Services coverages for loss arising from any one “personal data compromise” is the applicable sublimit for each of those coverages indicated for this Coverage Form. These sublimits are part of, and not in addition to, the Data Compromise Response Expenses Limit. PR Services coverage is also subject to a limit per “affected individual” as described in 5. PR Services.

Coverage for Services to “affected individuals” is limited to costs to provide such services for a period of up to one year from the date of the notification to the “affected individuals”. Notwithstanding, coverage for Identity Restoration Case Management services initiated within such one year period may continue for a period of up to one year from the date such Identity Restoration Case Management services are initiated.

## DEDUCTIBLE – SECTION 1



Response Expenses coverage is subject to the Response Expenses Deductible indicated for this Coverage Form. You shall be responsible for such deductible amount as respects each "personal data compromise" covered under this Coverage Form.

## **SECTION 2 – DEFENSE AND LIABILITY**

### **DEFENSE AND LIABILITY COVERED CAUSE OF LOSS**

Coverage under this Data Compromise Coverage Form applies only if all three of the conditions in DATA COMPROMISE COVERED CAUSE OF LOSS are met.

Only with regard to Section 2 – Defense and Liability coverage, the following conditions must also be met:

1. You have provided notifications and services to "affected individuals" in consultation with us pursuant to Response Expenses coverage; and
2. You receive notice of a "data compromise suit" brought by one or more "affected individuals" or by a governmental entity on behalf of one or more "affected individuals"; and

Notice of such "data compromise suit" is received by you within two years of the date that the "affected individuals" are notified of the "personal data compromise"; and

Such "data compromise suit" is reported to us as soon as practicable, but in no event more than 60 days after the date it is first received by you.

### **COVERAGE – SECTION 2**

If all of the conditions listed above in DEFENSE AND LIABILITY COVERED CAUSE OF LOSS have been met, then we will provide coverage for "data compromise defense costs" and "data compromise liability" directly arising from the covered cause of loss.

### **LIMITS – SECTION 2**

The most we will pay under Defense and Liability coverage (other than post-judgment interest) is the Data Compromise Defense and Liability Limit indicated for this Coverage Form. If no limit is shown or is shown as Excluded for this Coverage Form, then the Data Compromise Defense and Liability coverage will be considered to have a limit of \$0.

The Data Compromise Defense and Liability Limit is an annual aggregate limit. This amount is the most we will pay for all loss covered under Section 2 (other than post-judgment interest) arising out of all "personal data compromise" events which are first discovered by you during the present annual policy period. This limit applies regardless of the number of "personal data compromise" events discovered by you during that period.

A "personal data compromise" may be first discovered by you in one policy period but cause covered costs in one or more subsequent policy periods. If so, all covered costs arising from such "personal data compromise" (other than post-judgment interest) will be subject to the Data Compromise Defense and Liability Limit applicable to the policy period when the "personal data compromise" was first discovered by you.

The most we will pay under Defense and Liability coverage for loss arising from any "malware-related compromise" is the Named Malware (Sec. 2) sublimit indicated for this Coverage Form. For the purpose of the Named Malware (Sec. 2) sublimit, all "malware-related compromises" that are caused, enabled or abetted by the same virus or other malicious code are considered to be a single "personal data compromise". This sublimit is part of, and not in addition to, the Defense and Liability Limit. If no sublimit is shown or is shown as Excluded for this Coverage Form, then the Named Malware (Sec. 2) coverage will be considered to have a sublimit of \$0.

### **DEDUCTIBLE – SECTION 2**

Defense and Liability coverage is subject to the Defense and Liability Deductible indicated for this Coverage Form. You shall be responsible for such deductible amount as respects each "data compromise suit" covered under this Coverage Form.

## **EXCLUSIONS, ADDITIONAL CONDITIONS AND DEFINITIONS APPLICABLE TO BOTH SECTION 1 AND SECTION 2**

### **EXCLUSIONS**

The following additional exclusions apply to this coverage:

We will not pay for costs arising from the following:

1. Your intentional or willful complicity in a "personal data compromise".

Any criminal, fraudulent or dishonest act, error or omission, or any intentional or knowing violation of the law by you.

Any "personal data compromise" occurring prior to the first inception of this Data Compromise Coverage Form or any coverage substantially similar to that described in this Form.

Costs to research or correct any deficiency. This includes, but is not limited to, any deficiency in your systems, procedures or physical security that may have contributed to a "personal data compromise".

Any fines or penalties. This includes, but is not limited to, fees or surcharges from affected financial institutions.

Any criminal investigations or proceedings.

Any extortion or blackmail. This includes, but is not limited to, ransom payments and private security assistance.

Any "personal data compromise" involving data that is being transmitted electronically, unless such data is encrypted to protect the security of the transmission.

Your reckless disregard for the security of "personally identifying information" or "personally sensitive information" in your care, custody or control.

That part of any "data compromise suit" seeking any non-monetary relief.

Seizure or destruction of property by order of governmental authority.

Nuclear reaction or radiation or radioactive contamination, however caused.

War and military action including any of the following and any consequence of any of the following:

a. War, including undeclared or civil war;

Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

Insurrection, rebellion, revolution, usurped power, political violence, or action taken by governmental authority in hindering or defending against any of these.

## **ADDITIONAL CONDITIONS**

The following Additional Conditions apply in addition to the Common Policy Conditions.

### **A. Abandonment**

There can be no abandonment of any property to us.

### **A. Concealment or Fraud**

This policy is void if you have intentionally concealed or misrepresented any material fact or circumstance relating to this insurance.

### **A. Coverage Territory**

The First Named Insured with their primary office located in the United States of America or Puerto Rico.

### **A. Data Compromise Liability Defense**

1. We shall have the right and the duty to assume the defense of any applicable "data compromise suit" against you. You shall give us such information and cooperation as we may reasonably require.

You shall not admit liability for or settle any "data compromise suit" or incur any defense costs without our prior written consent.

If you refuse to consent to any settlement recommended by us and acceptable to the claimant, we may then withdraw from your defense by tendering control of the defense to you. From that point forward, you shall, at your own expense, negotiate or defend such "data compromise suit" independently of us. Our liability shall not exceed the amount for which the claim or suit could have been settled if such recommendation was consented to, plus defense costs incurred by us, and defense costs incurred by you with our written consent, prior to the date of such refusal.

We shall not be obligated to pay any damages or defense costs, or to defend or continue to defend any "data compromise suit", after the Data Compromise Defense and Liability Limit has been exhausted.

We shall pay all interest on that amount of any judgment within the Data Compromise Defense and Liability Limit which accrues:

a. after entry of judgment; and

- b. before we pay, offer to pay or deposit in court that part of the judgment within the Data Compromise Defense and Liability Limit or, in any case, before we pay or offer to pay the entire Data Compromise Defense and Liability Limit.

These interest payments shall be in addition to and not part of the Data Compromise Defense and Liability Limit.

#### **E. Due Diligence**

You agree to use due diligence to prevent and mitigate costs covered under this Data Compromise Coverage Form. This includes, but is not limited to, complying with, and requiring your vendors to comply with, reasonable and industry-accepted protocols for:

1. Providing and maintaining appropriate physical security for your premises, computer systems and hard copy files; Providing and maintaining appropriate computer and Internet security; Maintaining and updating at appropriate intervals backups of computer data;
2. Protecting transactions, such as processing credit card, debit card and check payments; and Appropriate disposal of files containing "personally identifying information," or "personally sensitive information", including shredding hard copy files and destroying physical media used to store electronic data.

#### **F. Duties in the Event of a "Data Compromise Suit"**

1. If a "data compromise suit" is brought against you, you must:
  - a. Immediately record the specifics of the "data compromise suit" and the date received; and
  - b. Provide us with written notice, as soon as practicable, but in no event more than 60 days after the date the "data compromise suit" is first received by you.
  - a. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "data compromise suit";
  - d. Authorize us to obtain records and other information;
  - a. Cooperate with us in the investigation, settlement or defense of the "data compromise suit";

Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to you because of loss to which this insurance may also apply; and

  - f. Not take any action, or fail to take any required action, that prejudices your rights or our rights with respect to such "data compromise suit".
2. You may not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our prior written consent.
3. If you become aware of a claim or complaint that may become a "data compromise suit", you shall promptly inform us of such claim or complaint.

#### **G. Duties in the Event of a "Personal Data Compromise"**

You must see that the following are done in the event of a "personal data compromise":

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the "personal data compromise". You must report the "personal data compromise" to us within 60 days of the date you first discover it.

As soon as possible, give us a description of how, when and where the "personal data compromise" occurred.

- a. Take all reasonable steps to protect "personally identifying information" or "personally sensitive information" remaining in your care, custody or control. If feasible, preserve evidence of the "personal data compromise".

Permit us to inspect the property and records proving the "personal data compromise".

If requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance or your claim, including your books and records. In such event, your answers must be signed.

Send us a signed, sworn statement containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

- d. Cooperate with us in the investigation or settlement of the claim.

#### **H. Legal Action Against Us**

- a. No person or organization has the right to join us as a party or otherwise bring us into a suit asking for damages from a Named Insured.

You may not bring any legal action against us involving a "personal data compromise" or "data compromise suit":

(1) Unless you have complied with all the terms of this insurance;

Until 90 days after you have filed proof of “personal data compromise” or “data compromise suit” with us; and

Unless brought within 2 years from the date you discovered the “personal data compromise.”

If any limitation in this condition is prohibited by law, such limitation is amended so as to equal the minimum period of limitation provided by such law.

#### **I. Legal Advice**

We are not your legal advisor. Our determination of what is or is not covered under this Data Compromise Coverage Form does not represent advice or counsel from us about what you should or should not do.

#### **J. Other Insurance**

If there is other insurance that applies to the same loss, damage or expense, this Data Compromise Coverage shall apply only as excess insurance after all other applicable insurance has been exhausted.

#### **K. Policy Period**

This policy applies only to “personal data compromises” that are first discovered by you during the policy period shown in the General Declarations. The policy period begins and ends at 12:01 a.m., Standard Time, at your address shown in the General Declarations.

#### **L. Pre-Notification Consultation**

You agree to consult with us prior to the issuance of notification to “affected individuals”. We assume no responsibility under this Data Compromise Coverage for any services promised to “affected individuals” without our prior agreement. If possible, this pre-notification consultation will also include the designated service provider(s) as agreed to under Additional Condition M. Service Providers. You must provide the following at our pre-notification consultation with you:

1. The exact list of “affected individuals” to be notified, including contact information.

Information about the “personal data compromise” that may appropriately be communicated with “affected individuals”.

The scope of services that you desire for the “affected individuals”. For example, coverage may be structured to provide fewer services in order to make those services available to more “affected individuals” without exceeding the available Response Expenses Limit.

#### **M. Service Providers**

1. We will only pay under this Data Compromise Coverage for services that are provided by service providers approved by us. You must obtain our prior approval for any service provider whose expenses you want covered under this Data Compromise Coverage. We will not unreasonably withhold such approval.

Prior to the Pre-Notification Consultation described in Additional Condition L. above, you must come to agreement with us regarding the service provider(s) to be used for the Notification to Affected Individuals and Services to Affected Individuals. We will suggest a service provider. If you prefer to use an alternate service provider, our coverage is subject to the following limitations:

- a. Such alternate service provider must be approved by us;

Such alternate service provider must provide services that are reasonably equivalent or superior in both kind and quality to the services that would have been provided by the service provider we had suggested; and

Our payment for services provided by any alternate service provider will not exceed the amount that we would have paid using the service provider we had suggested.

#### **N. Services**

The following conditions apply as respects any services provided to you or any “affected individual” by us, our designees or any service firm paid for in whole or in part under this Data Compromise coverage:

1. The effectiveness of such services depends on your cooperation and assistance.

All services may not be available or applicable to all individuals. For example, “affected individuals” who are minors or foreign nationals may not have credit records that can be provided or monitored. Service in Canada will be different from service in the United States and Puerto Rico in accordance with local conditions.

We do not warrant or guarantee that the services will end or eliminate all problems associated with the covered events.

You will have a direct relationship with the professional service firms paid for in whole or in part under this coverage. Those firms work for you.

**DEFINITIONS**

With respect to the provisions of this Data Compromise Coverage Form only, the following definitions are added:

1. "Affected Individual" means any person who is your current, former or prospective customer, client, member, owner, director or employee and whose "personally identifying information" or "personally sensitive information" is lost, stolen, accidentally released or accidentally published by a "personal data compromise" covered under this Coverage Form. This definition is subject to the following provisions:
  - a. "Affected individual" does not include any business or organization. Only an individual person may be an "affected individual".
  - b. An "affected individual" must have a direct relationship with your interests as insured under this policy. The following are examples of individuals who would not meet this requirement:
    - 1) If you aggregate or sell information about individuals as part of your business, the individuals about whom you keep such information do not qualify as "affected individuals". However, specific individuals may qualify as "affected individuals" for another reason, such as being an employee of yours.
    - 2) If you store, process, transmit or transport records, the individuals whose "personally identifying information" or "personally sensitive information" you are storing, processing, transmitting or transporting for another entity do not qualify as "affected individuals". However, specific individuals may qualify as "affected individuals" for another reason, such as being an employee of yours.
    - 1) You may have operations, interests or properties that are not insured under this policy. Individuals who have a relationship with you through such other operations, interests or properties do not qualify as "affected individuals". However, specific individuals may qualify as "affected individuals" for another reason, such as being an employee of the operation insured under this policy.
  - c. An "affected individual" may reside anywhere in the world.
2. "Data Compromise Defense Costs" means expenses resulting solely from the investigation, defense and appeal of any "data compromise suit" against you. Such expenses must be reasonable and necessary. They will be incurred by us. They do not include your salaries or your loss of earnings. They do include premiums for any appeal bond, attachment bond or similar bond, but without any obligation to apply for or furnish any such bond.
3. "Data Compromise Liability"
  - a. "Data compromise liability" means the following, when they arise from a "data compromise suit":
    - 1) Damages, judgments or settlements to "affected individuals";
    - 2) Defense costs added to that part of any judgment paid by us, when such defense costs are awarded by law or court order; and
 Pre-judgment interest on that part of any judgment paid by us.
  - b. "Data compromise liability" does not mean:
    - 1) Damages, judgments or settlements to anyone who is not an "affected individual";
    - Civil or criminal fines or penalties imposed by law;
    - Punitive or exemplary damages;
    - The multiplied portion of multiplied damages;
    - Taxes; or
    - 2) Matters which may be deemed uninsurable under the applicable law.
4. "Data Compromise Suit"
  - a. "Data Compromise Suit" means a civil proceeding in which damages to one or more "affected individuals" arising from a "personal data compromise" or the violation of a governmental statute or regulation are alleged. Such proceeding must be brought in the United States of America, Puerto Rico or Canada. "Data compromise suit" includes:
    - 1) An arbitration proceeding in which such damages are claimed and to which you must submit or do submit with our consent;
 Any other alternative dispute resolution proceeding in which such damages are claimed and to which you submit with our consent; or  
 A written demand for money, when such demand could reasonably result in a civil proceeding as described in this definition.
  - b. "Data compromise suit" does not mean any demand or action brought by or on behalf of someone who is:
    - 1) Your director or officer;



- 2) Your owner or part-owner; or  
A holder of your securities;  
in their capacity as such, whether directly, derivatively, or by class action. "Data compromise suit" will include proceedings brought by such individuals in their capacity as "affected individuals", but only to the extent that the damages claimed are the same as would apply to any other "affected individual".
- c. "Data compromise suit" does not mean any demand or action brought by an organization, business, institution, or any other party that is not an "affected individual" or governmental entity. "Data compromise suit" does not mean any demand or action brought on behalf of an organization, business, institution, governmental entity or any other party that is not an "affected individual".
5. "Identity Theft" means the fraudulent use of "personally identifying information". This includes fraudulently using such information to establish credit accounts, secure loans, enter into contracts or commit crimes.  
"Identity theft" does not include the fraudulent use of a business name, d/b/a or any other method of identifying a business activity.
6. "Malware-Related Compromise" means a "personal data compromise" that is caused, enabled or abetted by a virus or other malicious code that, at the time of the "personal data compromise", is named and recognized by the CERT® Coordination Center, McAfee®, Secunia, Symantec or other comparable third party monitors of malicious code activity.
7. "Personal Data Compromise" means the loss, theft, accidental release or accidental publication of "personally identifying information" or "personally sensitive information" as respects one or more "affected individuals". If the loss, theft, accidental release or accidental publication involves "personally identifying information", such loss, theft, accidental release or accidental publication must result in or have the reasonable possibility of resulting in the fraudulent use of such information. This definition is subject to the following provisions:
- a. At the time of the loss, theft, accidental release or accidental publication, the "personally identifying information" or "personally sensitive information" need not be at the insured premises but must be in the direct care, custody or control of:
- 1) You; or  
A professional entity with which you have a direct relationship and to which you (or an "affected individual" at your direction) have turned over (directly or via a professional transmission or transportation provider) such information for storage, processing, transmission or transportation of such information.
- b. "Personal data compromise" includes disposal or abandonment of "personally identifying information" or "personally sensitive information" without appropriate safeguards such as shredding or destruction, subject to the following provisions:
- 1) The failure to use appropriate safeguards must be accidental and not reckless or deliberate; and  
Such disposal or abandonment must take place during the time period for which this Data Compromise Coverage Form is effective.
- c. "Personal data compromise" includes situations where there is a reasonable cause to suspect that such "personally identifying information" or "personally sensitive information" has been lost, stolen, accidentally released or accidentally published, even if there is no firm proof.
- d. All incidents of "personal data compromise" that are discovered at the same time or arise from the same cause will be considered one "personal data compromise".
8. "Personally Identifying Information" means information, including health information, that could be used to commit fraud or other illegal activity involving the credit, access to health care or identity of an "affected individual". This includes, but is not limited to, Social Security numbers or account numbers.  
"Personally identifying information" does not mean or include information that is otherwise available to the public, such as names and addresses.
9. "Personally Sensitive Information" means private information specific to an individual the release of which requires notification of "affected individuals" under any applicable law.  
"Personally sensitive information" does not mean or include "personally identifying information".
- All other provisions of this policy apply.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **FLORIDA CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
EQUIPMENT BREAKDOWN COVERAGE PART  
FARM COVERAGE PART  
STANDARD PROPERTY POLICY

**A. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:**

**2. Cancellation For Policies In Effect 90 Days Or Less**

**a.** If this policy has been in effect for 90 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, accompanied by the specific reasons for cancellation, at least:

**(1)** 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or

**(2)** 20 days before the effective date of cancellation if we cancel for any other reason, except we may cancel immediately if there has been:

**(a)** A material misstatement or misrepresentation; or

**(b)** A failure to comply with underwriting requirements established by the insurer.

**b.** We may not cancel:

**(1)** On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property; or

**(2)** Solely on the basis of a single property insurance claim which is the result of water damage, unless we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.

**B. Paragraph 5. of the **Cancellation** Common Policy Condition is replaced by the following:**

**5.** If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will mail the refund within 15 working days after the date cancellation takes effect, unless this is an audit policy.

If this is an audit policy, then, subject to your full cooperation with us or our agent in securing the necessary data for audit, we will return any premium refund due within 90 days of the date cancellation takes effect. If our audit is not completed within this time limitation, then we shall accept your own audit, and any premium refund due shall be mailed within 10 working days of receipt of your audit.

The cancellation will be effective even if we have not made or offered a refund.



C. The following is added to the **Cancellation** Common Policy Condition:

**7. Cancellation For Policies In Effect For More Than 90 Days**

a. If this policy has been in effect for more than 90 days, we may cancel this policy only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) The policy was obtained by a material misstatement;
- (3) In the event of failure to comply, within 90 days after the effective date of coverage, with underwriting requirements established by us before the effective date of coverage;
- (4) There has been a substantial change in the risk covered by the policy;
- (5) The cancellation is for all insureds under such policies for a given class of insureds;
- (6) On the basis of property insurance claims that are the result of an act of God, if we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property;
- (7) On the basis of a single property insurance claim which is the result of water damage, if we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property; or
- (8) The cancellation of some or all of our policies is necessary to protect the best interests of the public or policyholders and such cancellation is approved by the Florida Office of Insurance Regulation.

b. If we can cancel this policy for any of these reasons, we will mail or deliver to the first Named Insured written notice of cancellation, accompanied by the specific reasons for cancellation, at least:

- (1) 10 days before the effective date of cancellation if cancellation is for nonpayment of premium;

(2) 45 days before the effective date of cancellation if:

(a) Cancellation is for one or more of the reasons stated in Paragraphs **7.a.(2)** through **7.a.(7)** above, and this policy does not cover a residential structure or its contents; or

(b) Cancellation is based on the reason stated in Paragraph **7.a.(8)** above;

(3) 120 days before the effective date of cancellation if:

(a) Cancellation is for one or more of the reasons stated in Paragraphs **7.a.(2)** through **7.a.(7)** above; and

(b) This policy covers a residential structure or its contents.

c. If this policy has been in effect for more than 90 days and covers a residential structure or its contents, we may not cancel this policy based on credit information available in public records.

D. The following is added:

**Nonrenewal**

1. If we decide not to renew this policy, we will mail or deliver to the first Named Insured written notice of nonrenewal, accompanied by the specific reason for nonrenewal, at least:

a. 45 days prior to the expiration of the policy if this policy does not cover a residential structure or its contents, or if nonrenewal is for the reason stated in Paragraph **D.5.**; or

b. 120 days prior to the expiration of the policy if this policy covers a residential structure or its contents.

2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured at the last mailing address known to us. If no notice is mailed, proof of mailing will be sufficient proof of notice.

3. We may not refuse to renew this policy:

a. On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property;

b. On the basis of filing of claims for sinkhole loss. However, we may refuse to renew this policy if:

- (1) The total of such property insurance claim payments for this policy equals or exceeds the policy limits in effect on the date of loss for property damage to the covered building; or
- (2) You have failed to repair the structure in accordance with the engineering recommendations upon which any loss payment or policy proceeds were based; or

c. Solely on the basis of a single property insurance claim which is the result of water damage, unless we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.

4. Notwithstanding the provisions of Paragraph D.3., we may refuse to renew this policy if this policy includes Sinkhole Loss coverage. If we nonrenew this policy for purposes of removing Sinkhole Loss coverage, pursuant to section 627.706, Florida Statutes, we will offer you a policy that includes catastrophic ground cover collapse coverage.

5. Notwithstanding the provisions of Paragraph D.3., we may refuse to renew this policy if nonrenewal of some or all of our policies is necessary to protect the best interests of the public or policyholders and such nonrenewal is approved by the Florida Office of Insurance Regulation.

#### **E. Limitations On Cancellation And Nonrenewal In The Event Of Hurricane Or Wind Loss – Residential Property**

1. The following provisions apply to a policy covering a residential structure or its contents, if such property has sustained damage as a result of a hurricane or windstorm that is the subject of a declaration of emergency by the Governor and filing of an order by the Commissioner of Insurance Regulation:

- a. Except as provided in Paragraph E.1.b., we may not cancel or nonrenew the policy until at least 90 days after repairs to the residential structure or its contents have been substantially completed so that it is restored to the extent that it is insurable by another insurer writing policies in Florida. If we elect to not renew the policy, we will provide at least 100 days' notice that we intend to nonrenew 90 days after the substantial completion of repairs.

b. We may cancel or nonrenew the policy prior to restoration of the structure or its contents for any of the following reasons:

- (1) Nonpayment of premium;
- (2) Material misstatement or fraud related to the claim;
- (3) We determine that you have unreasonably caused a delay in the repair of the structure; or
- (4) We have paid the policy limits.

If we cancel or nonrenew for nonpayment of premium, we will give you 10 days' notice. If we cancel or nonrenew for a reason listed in Paragraph b.(2), b.(3) or b.(4), we will give you 45 days' notice.

2. With respect to a policy covering a residential structure or its contents, any cancellation or nonrenewal that would otherwise take effect during the duration of a hurricane will not take effect until the end of the duration of such hurricane, unless a replacement policy has been obtained and is in effect for a claim occurring during the duration of the hurricane. We may collect premium for the period of time for which the policy period is extended.

3. With respect to Paragraph E.2., a hurricane is a storm system that has been declared to be a hurricane by the National Hurricane Center of the National Weather Service (hereafter referred to as NHC). The hurricane occurrence begins at the time a hurricane watch or hurricane warning is issued for any part of Florida by the NHC and ends 72 hours after the termination of the last hurricane watch or hurricane warning issued for any part of Florida by the NHC.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**  
**FLORIDA CHANGES**

This endorsement modifies insurance provided under the following:  
COMMERCIAL PROPERTY COVERAGE PART

**A.** When this endorsement is attached to Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

**B.** The following provision applies when a Coinsurance percentage is shown in the Declarations:

Florida law states as follows:

Coinsurance contract: The rate charged in this policy is based upon the use of the coinsurance clause attached to this policy, with the consent of the Insured.

**C.** The following is added:

If windstorm is a Covered Cause of Loss and loss or damage to Covered Property is caused by or results from windstorm, the following exclusion applies in:

1. Broward County;
2. Dade County;
3. Martin County;
4. Monroe County;
5. Palm Beach County; and
6. All the areas east of the west bank of the Intracoastal Waterway in the counties of:
  - a. Indian River; and
  - b. St. Lucie.

**Windstorm Exterior Paint And Waterproofing Exclusion**

We will not pay for loss or damage caused by windstorm to:

1. Paint; or
2. Waterproofing material;

applied to the exterior of buildings unless the building to which such loss or damage occurs also sustains other loss or damage by windstorm in the course of the same storm event. But such coverage applies only if windstorm is a Covered Cause of Loss.

When loss or damage to exterior paint or waterproofing material is excluded, we will not include the value of paint or waterproofing material to determine:

- a. The amount of the Windstorm or Hail Deductible; or
- b. The value of Covered Property when applying the Coinsurance Condition.

**D.** The **Loss Payment** Condition dealing with the number of days within which we must pay for covered loss or damage is replaced by the following:

Provided you have complied with all the terms of this Coverage Part, we will pay for covered loss or damage upon the earliest of the following:

- (1) Within 20 days after we receive the sworn proof of loss and reach written agreement with you;
- (2) Within 30 days after we receive the sworn proof of loss and:
  - (a) There is an entry of a final judgment; or
  - (b) There is a filing of an appraisal award with us; or
- (3) Within 90 days of receiving notice of an initial, reopened or supplemental claim, unless we deny the claim during that time or factors beyond our control reasonably prevent such payment. If a portion of the claim is denied, then the 90-day time period for payment of claim relates to the portion of the claim that is not denied.

Paragraph (3) applies only to the following:

- (a) A claim under a policy covering residential property;
- (b) A claim for building or contents coverage if the insured structure is 10,000 square feet or less and the policy covers only locations in Florida; or

- (c) A claim for contents coverage under a tenant's policy if the rented premises are 10,000 square feet or less and the policy covers only locations in Florida.

#### **E. Sinkhole Collapse Coverage Removed**

Sinkhole Collapse coverage is removed, as indicated in Paragraphs **E.1.** through **E.4.**; and coverage for Catastrophic Ground Cover Collapse is added instead as set forth in Paragraph **F.**

1. In the Causes Of Loss – Basic Form and in the Standard Property Policy, Sinkhole Collapse is deleted from the Covered Causes of Loss and sinkhole collapse is no longer an exception to the Earth Movement Exclusion.
2. In the Causes Of Loss – Broad Form, Sinkhole Collapse is deleted from the Covered Causes of Loss and from the Additional Coverage – Collapse; and sinkhole collapse is no longer an exception to the Earth Movement Exclusion.
3. In the Causes Of Loss – Special Form, Sinkhole Collapse is deleted from the "specified causes of loss" and is no longer an exception to the Earth Movement Exclusion.
4. In the Mortgageholders Errors And Omissions Coverage Form, Sinkhole Collapse is deleted from the Covered Causes of Loss under Coverage **B** and from the "specified causes of loss", and is no longer an exception to the Earth Movement Exclusion.

Further, this Coverage Part does not insure against Sinkhole Loss as defined in Florida law unless an endorsement for Sinkhole Loss is made part of this policy. However, if Sinkhole Loss causes Catastrophic Ground Cover Collapse, coverage is provided for the resulting Catastrophic Ground Cover Collapse even if an endorsement for Sinkhole Loss is not made part of this policy.

- F.** The following is added to this Coverage Part as a Covered Cause of Loss. In the Causes Of Loss – Special Form and Mortgageholders Errors And Omissions Coverage Form, the following is also added as a "specified cause of loss". However, as a "specified cause of loss", the following does not apply to the Additional Coverage – Collapse.

#### **Catastrophic Ground Cover Collapse**

We will pay for direct physical loss or damage to Covered Property caused by or resulting from catastrophic ground cover collapse, meaning geological activity that results in all of the following:

1. The abrupt collapse of the ground cover;
2. A depression in the ground cover clearly visible to the naked eye;
3. "Structural damage" to the building, including the foundation; and
4. The insured structure being condemned and ordered to be vacated by the governmental agency authorized by law to issue such an order for that structure.

However, damage consisting merely of the settling or cracking of a foundation, structure or building does not constitute loss or damage resulting from a catastrophic ground cover collapse.

The **Earth Movement** Exclusion and the **Collapse** Exclusion do not apply to coverage for Catastrophic Ground Cover Collapse.

Coverage for Catastrophic Ground Cover Collapse does not increase the applicable Limit of Insurance. Regardless of whether loss or damage attributable to catastrophic ground cover collapse also qualifies as Sinkhole Loss or Earthquake (if either or both of those causes of loss are covered under this Coverage Part), only one Limit of Insurance will apply to such loss or damage.

- G.** The following applies to the **Additional Coverage – Civil Authority** under the Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form and Extra Expense Coverage Form:

1. The Additional Coverage – Civil Authority includes a requirement that the described premises are not more than one mile from the damaged property. With respect to described premises located in Florida, such one-mile radius does not apply.
2. The Additional Coverage – Civil Authority is limited to a coverage period of up to four weeks. With respect to described premises located in Florida, such four-week period is replaced by a three-week period.
3. Civil Authority coverage is subject to all other provisions of that Additional Coverage.

**H. The following provisions are added to the Duties In The Event Of Loss Or Damage Loss Condition:**

- (1) A claim, supplemental claim or reopened claim for loss or damage caused by hurricane or other windstorm is barred unless notice of claim is given to us in accordance with the terms of this policy within three years after the hurricane first made landfall or a windstorm other than hurricane caused the covered damage. (Supplemental claim or reopened claim means an additional claim for recovery from us for losses from the same hurricane or other windstorm which we have previously adjusted pursuant to the initial claim.)

This provision concerning time for submission of claim, supplemental claim or reopened claim does not affect any limitation for legal action against us as provided in this policy under the Legal Action Against Us Condition, including any amendment to that condition.

- (2) Any inspection or survey by us, or on our behalf, of property that is the subject of a claim, will be conducted with at least 48 hours' notice to you. The 48-hour notice may be waived by you.

**I. The following definition of structural damage is added with respect to the coverage provided under this endorsement:**

"Structural damage" means a covered building, regardless of the date of its construction, has experienced the following.

1. Interior floor displacement or deflection in excess of acceptable variances as defined in ACI 117-90 or the Florida Building Code, which results in settlement related damage to the interior such that the interior building structure or members become unfit for service or represent a safety hazard as defined within the Florida Building Code;

2. Foundation displacement or deflection in excess of acceptable variances as defined in ACI 318-95 or the Florida Building Code, which results in settlement related damage to the primary structural members or primary structural systems that prevents those members or systems from supporting the loads and forces they were designed to support to the extent that stresses in those primary structural members or primary structural systems exceed one and one-third the nominal strength allowed under the Florida Building Code for new buildings of similar structure, purpose, or location;
3. Damage that results in listing, leaning, or buckling of the exterior load bearing walls or other vertical primary structural members to such an extent that a plumb line passing through the center of gravity does not fall inside the middle one-third of the base as defined within the Florida Building Code;
4. Damage that results in the building, or any portion of the building containing primary structural members or primary structural systems, being significantly likely to imminently collapse because of the movement or instability of the ground within the influence zone of the supporting ground within the sheer plane necessary for the purpose of supporting such building as defined within the Florida Building Code; or
5. Damage occurring on or after October 15, 2005, that qualifies as substantial structural damage as defined in the Florida Building Code.